Infrastructure Canada

Departmental Performance Report

2007-2008

The Honourable John Baird, P.C., M.P.
Minister of Transport, Infrastructure and Communities

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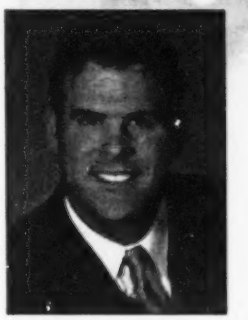
Section I: Departmental Overview

Minister's Message



John Baird,
P.C., M.P.

As Canada's Minister of Transport, Infrastructure and Communities, I am pleased to submit Infrastructure Canada's Departmental Performance Report for the period ending March 31, 2008.

Strong, modern public infrastructure is a key factor in driving our economy and is a priority for this government. On November 6, 2007, the Prime Minister unveiled the details of the *Building Canada* plan — a federal investment of $33 billion over seven years. This is the largest single federal commitment to public infrastructure ever. We will deliver *Building Canada* in a way that provides the very best value for Canadians' hard-earned tax dollars.

Building Canada is about results that matter to Canadians — supporting a stronger economy, and providing cleaner air and water, safer roads, and shorter commutes. *Building Canada* is advancing well; framework agreements to implement *Building Canada* in each province or territory are now in place. We have also launched the "communities component" of the Building Canada Fund in several provinces, moving forward on projects in smaller municipalities.

With key agreements signed, this Government will continue to make important investments and will accelerate infrastructure funding. Last year alone, we put $2 billion to work in infrastructure projects. As well, through Budget 2008 we announced that the Gas Tax Fund — just one component of the *Building Canada* plan — will ramp up to $2 billion a year and become permanent in 2014, providing long-term predictable funding.

Building Canada is the blueprint for a modern and prosperous Canada — a Canada truly equipped to meet the challenges of the 21st century. I invite you to read this report to learn more about the department's achievements over the past year. To find out more about Building Canada, please visit ***www.buildingcanada.gc.ca***.

The Honourable John Baird, P.C., M.P.
Minister of Transport, Infrastructure and Communities

Management Representation Statement

I submit for tabling in Parliament, the *2007-2008 Departmental Performance Report* for Infrastructure Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Department's approved Strategic Outcome(s) and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it;
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada in the DPR.

Name: _____
Louis Ranger

Deputy Head
Infrastructure and Communities

I.1 Summary Information

Canada needs to remain competitive and productive while sustaining and improving the quality of life of Canadians. World-class public infrastructure, including safe and reliable water systems and efficient transportation systems that allow goods and people to move freely, is critical to meeting these objectives.

The Government of Canada understands that Canada needs strong and modern infrastructure in order to continue to grow and prosper. No single level of government can address the country's infrastructure needs alone. That is why the Government of Canada is working with provinces, territories, municipalities, the private sector and various stakeholders to implement the Building Canada plan.

The $33-billion Building Canada plan represents an unprecedented and long-term federal commitment to public infrastructure. The plan will help build a stronger Canada by funding projects and initiatives designed to deliver results in three areas of national importance:

- A more competitive and productive economy, which can be supported by better infrastructure that, for example, facilitates the flow of goods and people, promotes interprovincial and international trade through gateways and corridors, and increases the use of e-commerce.
- A cleaner environment, which can be supported by modern and sustainable infrastructure that, for example, improves water treatment and access to safe drinking water, contributes to a reduction of air pollutants, and encourages efficient land management.
- Safer and more prosperous communities, which can be supported by quality infrastructure that, for example, enhances the vitality, safety and quality of life of Canadian communities.

By implementing the Building Canada plan and continuing to manage existing funding programs, Infrastructure Canada coordinates several infrastructure initiatives while continuing to develop policies, knowledge and partnerships to support them.

Infrastructure Canada is responsible for delivering the following key elements of the plan:

- $8.8 billion for the new Building Canada Fund, which will go towards major projects as well as projects in smaller communities.
- $25 million a year in provincial-territorial base funding, for a total of $2.275 billion over seven years.
- $11.8 billion for the Gas Tax Fund.

Infrastructure Canada continues to administer four established infrastructure investment funds that improve the state of Canada's public infrastructure and, in turn, enhance the economic, social, cultural and environmental quality of life of Canadians. These "sunsetting" funds are the: Municipal Rural Infrastructure Fund (MRIF); Canada Strategic Infrastructure Fund (CSIF); Border Infrastructure Fund (BIF); and, Public Transit Fund (PTF).

This *Departmental Performance Report* (DPR) presents information on the activities and achievement of Infrastructure Canada in fiscal year 2007-2008 against the expected results described in the *Report on Plans and Priorities for 2007-2008.*

1.2 Reporting Structure

Consistent with guidance provided by the Treasury Board of Canada Secretariat, this *2007-2008 Departmental Performance Report* and the accompanying financial tables are presented using the Government's Program Activity Architecture (PAA) Framework. The PAA structure, as it existed in 2007-2008, is being used by Infrastructure Canada to present information on accomplishments against its plans and priorities. The PAA is summarized in Figure 1.

A new strategic outcome statement for Infrastructure Canada was recently approved by Treasury Board: *Quality, cost effective public infrastructure that meets the needs of Canadians in a competitive economy, a clean environment and liveable communities.*

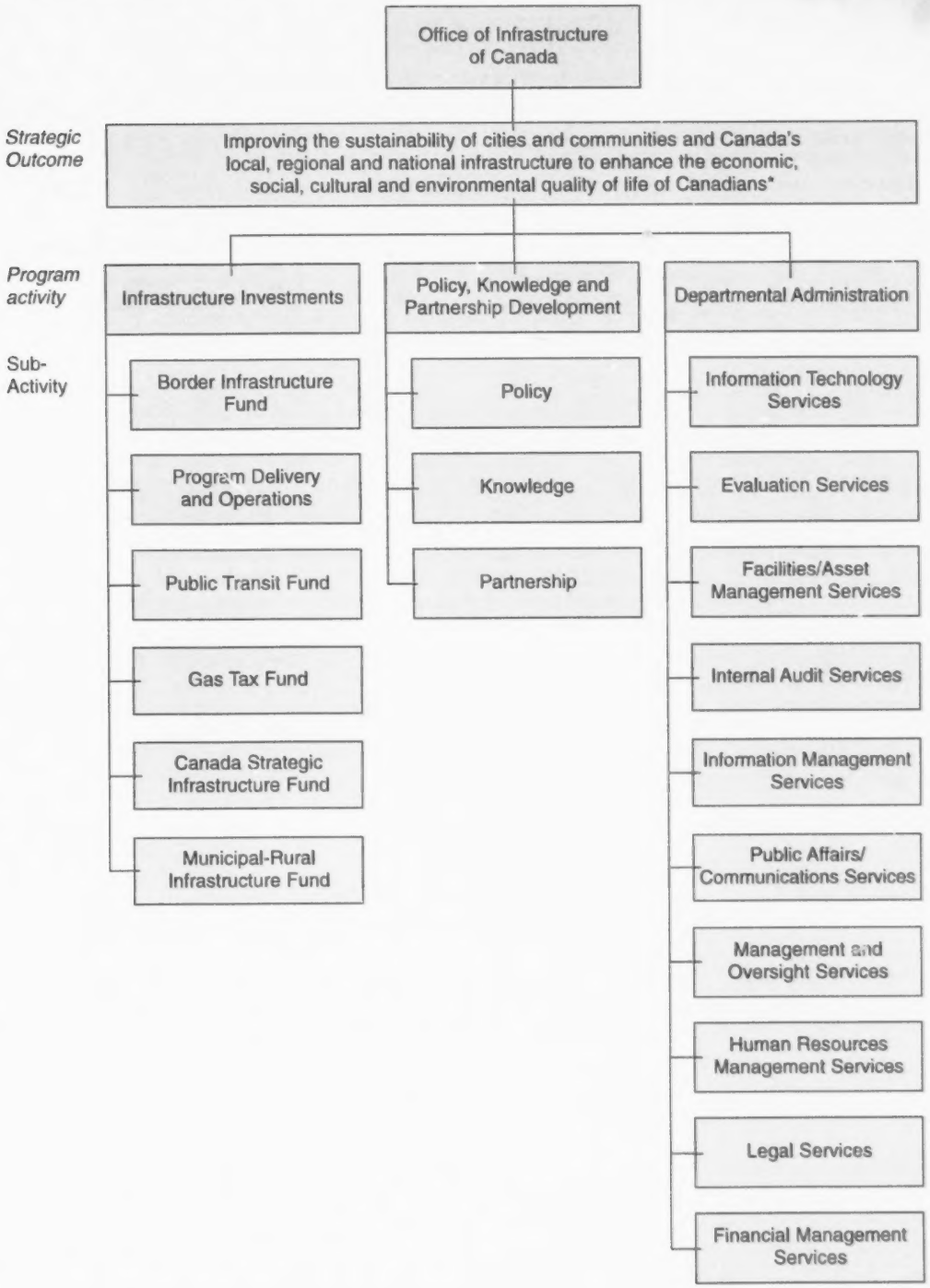
Infrastructure Canada is currently reviewing its Program Activity Architecture to ensure that it reflects the new departmental priorities, including the new approved Building Canada Fund.

Under the PAA, Infrastructure Canada has three Program Activities: Infrastructure Investments; Policy, Knowledge and Partnership Development; and Departmental Administration:

1. ***Infrastructure Investments:*** This Program Activity consists of all infrastructure programming delivered through transfer payments, as well as the related program management and monitoring functions. The Activity contributes to the construction, renewal and enhancement of public infrastructure in Canada and, in partnership with others, builds capacity for addressing infrastructure and communities issues.
2. ***Policy, Knowledge and Partnership Development:*** This Program Activity consists of activities undertaken in policy, knowledge, research and analysis and partnership development. The Activity develops policies based on research and strong partnerships to address existing and emerging challenges and opportunities.
3. ***Departmental Administration:*** This Program Activity encompasses several corporate support services, including information technology, management and oversight, evaluation, internal audit, information management, public affairs/communications, human resources management, legal and financial management. The Activity promotes excellence in program and corporate management in support of Infrastructure Canada's priorities.

Section II provides details on departmental performance under the first two of these program activity areas. Background information on the third activity area, departmental administration, is presented in Section IV of the report, *Other Items of Interest*.

Figure 1: Infrastructure Canada PAA



* This is Infrastructure Canada's Strategic Outcome as it existed for 2007-2008.

1.3 Summary Table

Reason for Existence

Infrastructure Canada seeks to help build sustainable cities and communities where Canadians benefit from world-class public infrastructure.

Financial Resources ($ thousands)

2007-2008		
Planned Spending	**Total Authorities**	**Actual Spending**
2,879,200	3,124,956	1,956,427

Human Resources (full-time equivalents)

2007-2008		
Planned	**Actual**	**Difference**
237	217	20

Departmental Priorities

Name	Type	Performance Status
1. Deliver approved program funding	Ongoing	Successfully met expectations
2. Developing policy, knowledge and partnerships	Ongoing	Successfully met expectations

Program Activities by Strategic Outcome

	Expected Results	Performance Status	2007-2008 Planned Spending ($ thousands)	2007-2008 Actual Spending ($ thousands)	Contributes to the following priority
Strategic Outcome: Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.					
Program Activity #1: Infrastructure Investments	Maximize economic, social, cultural and environmental benefits for Canadians through investments in public infrastructure in a coordinated manner with provincial, territorial and municipal governments, and First Nations	Successfully met expectations	2,861,043	1,943,381	Priority #1
Program Activity #2: Policy, Knowledge and Partnership Development	Develop policies to address existing and emerging challenges and opportunities that are based on research and input from strong partnerships	Successfully met expectations	18,157	13,046	Priority #2

Explanatory Notes:

- The variance between total planned and actual spending in 2007-2008 is due mainly to two factors:
  - Finalization of contribution agreements for programs such as CSIF, BIF and PT Base took longer than originally anticipated, therefore delaying the initiation of reimbursement of project claims to recipients.
  - Reduced cash requirements by recipients for the current year, based on cash flow projections for MRIF, BIF and CSIF.

1.4 Summary of Departmental Performance

1.4.1 Progress by Organizational Priorities

Priority 1: Delivering Approved Program Funding

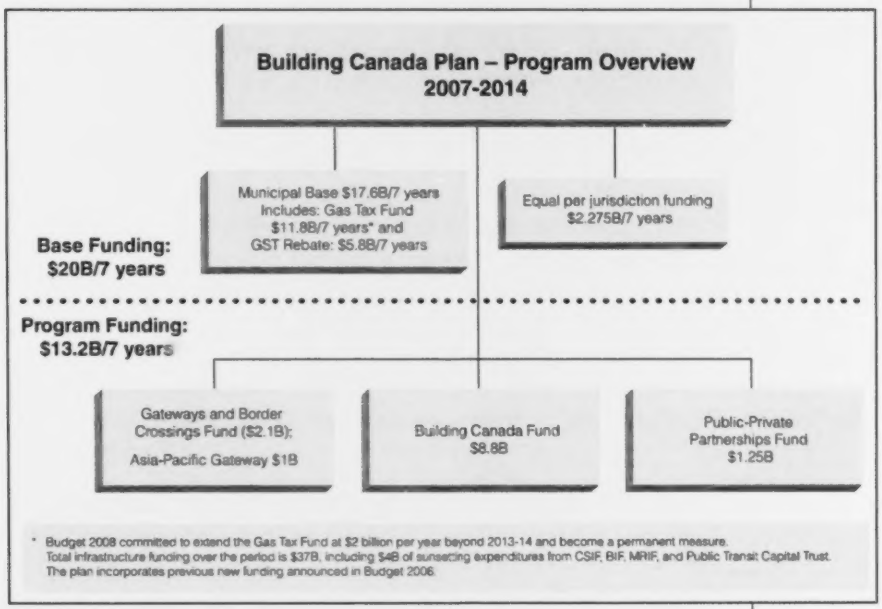
Through investments in public infrastructure, Infrastructure Canada seeks to maximize economic and environmental benefits for Canadians and to strengthen communities. It does this in partnership with the provinces and territories, municipalities, First Nations and stakeholders. Infrastructure Canada delivers or coordinates a suite of infrastructure funding programs in cooperation with its federal delivery partners, with each program responding to distinct aspects of Canada's priority infrastructure needs.

Infrastructure Canada works with its partners to identify planned spending requirements and to match its program delivery requirements with Parliamentary appropriations. When 2007-2008 planned spending requirements were identified, there was significant uncertainty regarding: the timing of requirements identified by the federal delivery partners for projects under the Canada Strategic Infrastructure Fund, Border Infrastructure Fund and Municipal Rural Infrastructure Fund programs; the timing of final Provincial/Territorial Base Fund agreements; and, the final submission of Gas Tax Fund annual expenditure reports from recipients. Infrastructure Canada's 2007-2008 planned spending estimate of $2.8 billion reflected the expectation that the department would need to provide for delivery of the above items before the end of the fiscal year. However, this scenario was not realized, and actual spending in 2007-2008 was approximately $900 million less than planned, as shown in the summary table. Programs will continue to be delivered since the lapsed contribution funding will be carried forward to future years in order to align with recipients' cash flow requirements. Nevertheless, Infrastructure Canada continues to work with its partners and with central agencies to better match its planned spending and program delivery requirements.

Building Canada Plan

The Building Canada plan was developed following extensive consultations with provinces, territories, municipalities and stakeholders. It comprises a suite of streamlined initiatives designed to simplify the infrastructure funding process and provide enhanced and predictable funding as well as greater flexibility for governments to address national priorities and to respond to local needs.

Building Canada is the blueprint for the Government of Canada's commitment announced in Budget 2007 to provide an unprecedented $33 billion in total infrastructure funding through to 2014. This is the largest single federal commitment, over the longest period of time, for provincial, territorial and municipal infrastructure in Canadian history.


Building Canada Plan – Program Overview
2007-2014
Base Funding:
$20B/7 years
Municipal Base $17.6B/7 years
Includes: Gas Tax Fund
$11.8B/7 years* and
GST Rebate: $5.8B/7 years
Equal per jurisdiction funding
$2.275B/7 years
Program Funding:
$13.2B/7 years
Gateways and Border
Crossings Fund ($2.1B);
Asia-Pacific Gateway $1B
Building Canada Fund
$8.8B
Public-Private
Partnerships Fund
$1.25B
* Budget 2008 committed to extend the Gas Tax Fund at $2 billion per year beyond 2013-14 and become a permanent measure.
Total infrastructure funding over the period is $37B, including $4B of sunsetting expenditures from CSIF, BIF, MRIF, and Public Transit Capital Trust.
The plan incorporates previous new funding announced in Budget 2006.

The Building Canada plan includes:

- $17.6 billion in base funding for municipalities until 2014, including a full GST rebate (administered by Canada Revenue Agency), and $11.8 billion for the Gas Tax Fund;
- $25 million a year in provincial-territorial base funding (for a total of $2.275 billion over seven years) to help address their infrastructure priorities;
- $8.8 billion for the new Building Canada Fund which will go towards strategic projects as well as projects in smaller communities;
- $2.1 billion for the new Gateways and Border Crossings Fund (managed by Transport Canada);
- $1 billion in funding for the Asia-Pacific Gateway and Corridor Initiative (managed by Transport Canada);
- $1.25 billion for the new national fund for public-private partnerships (P3), managed by Finance Canada.

Building Canada will fund projects designed to deliver results in three areas of national importance: a **growing economy,** a **cleaner environment,** and **stronger communities.**

The Building Canada plan provides an integrated and flexible suite of programs to address key national priorities while reflecting different needs across the country. Over one-half of the plan is provided as base funding to provinces/territories and municipal governments to meet their local infrastructure needs. The balance of funding is targeted to specific projects on a merit basis.

Infrastructure Canada oversees and coordinates the implementation of the Building Canada plan and is also directly responsible for the implementation of three initiatives: the Building Canada Fund, the Provincial/Territorial Base Fund and the Gas Tax Fund. An Infrastructure Framework agreement is to be signed with each province and territory. Under the agreement, an Infrastructure Framework Committee of senior officials is established to oversee implementation of the Building Canada plan in each jurisdiction.

Building Canada Program Funding

Building Canada Fund

The Building Canada Fund (BCF), the cornerstone of the $33 billion Building Canada plan, has been designed to support federal objectives of economic growth, a clean environment, and stronger and safer communities. It includes three components: (1) the Major Infrastructure Component (MIC), which focuses on larger projects of national or regional significance; (2) the Communities Component (CC), which focuses on projects in smaller communities with populations of less than 100,000; and (3) the National Infrastructure Knowledge Component (NIKC). The NIKC has two sub-components: Strategic Research and Partnerships, to support research, knowledge and capacity-building; and Feasibility and Planning Studies, to support collaborative feasibility and planning studies on public infrastructure projects. Through the NIKC component, the BCF will provide an opportunity to enhance and strengthen infrastructure knowledge generation and create more flexibility to move forward in supporting world-class infrastructure for Canada through applied research focussed on current and future government priorities.

The BCF will address both large strategic infrastructure projects as well as smaller-scale municipal projects, recognizing that infrastructure needs may vary depending on the size and location of the communities where the project will be. There are 17 categories of eligible projects to support the construction, renewal or material enhancement of public infrastructure that fosters economic growth, supports a cleaner environment, or promotes stronger and safer

communities. Five of these categories (Water Infrastructure, Wastewater Infrastructure, Public Transit Infrastructure, Core National Highway System Infrastructure, and Green Energy Infrastructure) are considered National Priorities under the MIC. As such, the federal government's objective is to target 67% of MIC funding on a national basis to these categories. A complete list of eligible project categories under BCF can be found on the Building Canada website: ***www.buildingcanada.gc.ca***.

For large-scale projects covered under the MIC, infrastructure priorities are discussed between the federal and provincial/territorial governments. For community-based initiatives falling under the CC, there will be a formal application process with parameters set out in an agreement that will be negotiated with each province.

Building Canada Base Funding

The Provincial/Territorial Base Fund

The $2.275 billion Provincial/Territorial Base Fund (PT Base Fund) represents a predictable funding stream that provides each province and territory with $25 million per year for seven years. Under the PT Base Fund, each jurisdiction will receive $175 million over the seven year period[1]. This fund is designed to contribute to the restoration of the fiscal balance while at the same time contributing to the enhancement of Canada's public infrastructure system.

Provinces and territories provide an annual capital plan, to which the federal government contributes $25 million each year. Infrastructure improvements can include areas covered by the Building Canada Fund, as well as non-core national highway system improvements, safety related infrastructure and municipal infrastructure.

The Gas Tax Fund

Budget 2007 extended the Gas Tax Fund (GTF) from 2010 to 2014 at $2 billion per year. The Gas Tax Fund extension is the largest component of the $33 billion Building Canada plan. As a result, by 2014, municipalities will receive $11.8 billion in stable predictable funding through this mechanism. Budget 2008 announced the GTF as a permanent measure beyond 2014, at $2 billion per year, which will make it the first ongoing program of its kind. Municipalities can pool, bank and borrow against this funding, providing significant additional financial flexibility. This funding enables municipalities to make investments in

1 Each territory will receive an additional amount under the PT Base Fund that corresponds to their respective BCF allocations. In each territory, the BCF allocation and the PT Base Fund allocation have been rolled into one program and will be managed under the terms of the PT Base Fund. A minimum of $16 million of this combined allocation in each territory must be committed to community infrastructure initiatives.

infrastructure projects that address local needs and help to produce the shared national outcomes of cleaner water, cleaner air and reduced greenhouse gas emissions.

The eligible categories of investment for the GTF include public transit, water and wastewater infrastructure, community energy systems, the management of solid waste, and local roads and bridges that enhance sustainability outcomes. The GTF also provides funding to increase the capacity of communities to undertake long-term planning. Funding for planning capacity is complemented by a requirement for communities to develop Integrated Community Sustainability Plans (ICSPs), which are long-term plans aimed at improving sustainability outcomes in Canada's communities. To ensure accountability to Canadians, communities report on their use of the funds on an annual basis.

The GTF involves agreements with all provincial and territorial governments, two municipal associations and the City of Toronto. The jurisdictions report on an annual basis for the previous fiscal year. Therefore, the current financial reports available are based on the 2006-2007 annual expenditure reports submitted by the signatories.

The major accomplishments related to the Building Canada plan during 2007-2008 include:

- Developing and implementing a comprehensive plan for providing a long-term policy framework to support predictable and long-term infrastructure funding;
- Developing a policy framework and program terms and conditions for infrastructure funding and programs announced in Budgets 2006 and 2007;
- Securing Cabinet approval of the plan and overall policy framework to allow signing of framework agreements with provinces and territories;
- Securing Treasury Board approval of the terms and conditions for the Building Canada Fund, the provincial/territorial base funding and the Gateways and Border Crossing Fund;
- Signing eight Building Canada framework agreements – with British Columbia, New Brunswick, Nova Scotia, Newfoundland and Labrador and the three territories – with negotiations on the remaining five framework agreements well advanced;
- Signing of the Provincial Base Funding Agreement with Nova Scotia;
- Identifying priority investments in five provinces and territories to be considered for funding under Building Canada;

- $778 million of the GTF allocation ($790 million) was transferred to the provinces/territories, to be in turn allocated to their municipalities;
- The first GTF extension agreement was signed with British Columbia in March 2008;
- 1,967 new GTF projects were reported for 2006-2007[2], with a cumulative total of 2,233 projects funded to date (i.e., for 2005-2006 and 2006-2007), benefiting over 2,700 municipalities.

Sunsetting Programs

The Canada Strategic Infrastructure Fund, Border Infrastructure Fund, Infrastructure Canada Program and Municipal Rural Infrastructure Fund

These four programs are delivered or coordinated in partnership with other federal departments and agencies. For the Canada Strategic Infrastructure Fund (CSIF), Border Infrastructure Fund (BIF) and Municipal Rural Infrastructure Fund (MRIF), projects are managed collaboratively under the terms of specific Memoranda of Understanding. For the Infrastructure Canada Program (ICP), funding was transferred at the beginning of the program to our federal delivery partners, whose ministers are accountable for this program. As the coordinator and funding agent for CSIF and BIF, Infrastructure Canada is responsible for project review, selection and approval, negotiation of the contribution agreement and, in cooperation with federal delivery partners, ongoing monitoring and oversight. For CSIF- and BIF-related transport projects, Transport Canada takes the lead responsibility for the above listed activities and Infrastructure Canada participates in a supportive role. For the MRIF program, lead responsibility for project review, selection and ongoing monitoring and oversight rests with our federal delivery partners.

During 2007-2008, Infrastructure Canada provided close to $2 billion to support critical infrastructure priorities across Canada – an increase of 33.5% over 2006-2007. The major accomplishments of these four programs during 2007-2008 are as follows:

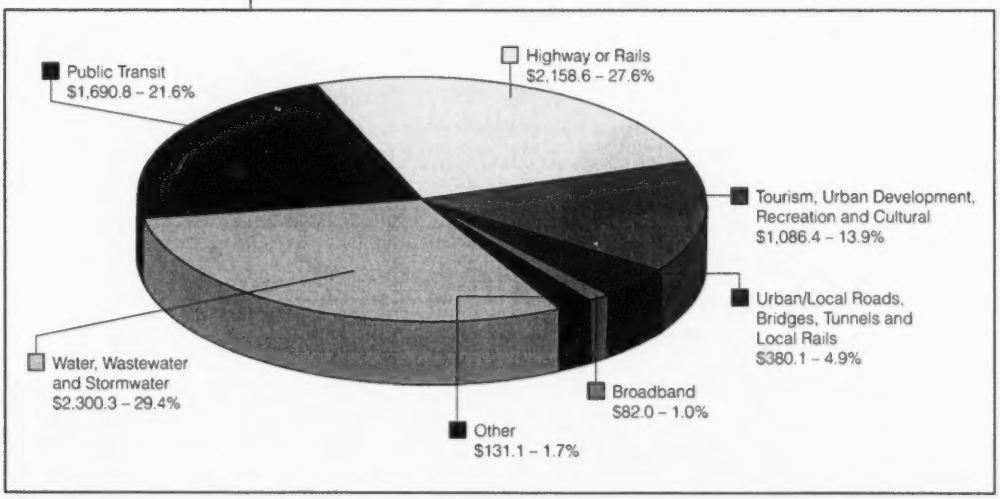
- **CSIF:** The $5-billion CSIF, originally established in Budget 2001, is one of the large-scale strategic programs. During 2007-2008, nine projects were announced with a total federal allocation of $210.1 million. As of March 31, 2008, a total of 71 projects have been announced, with a value of almost $4.5 billion. Refer to Sections II and IV for additional details.

2 Due to the unique upfront funding mechanism of the GTF program, projects are reported by the jurisdictions for the previous year from which the reporting takes place. Therefore for 2007-2008, the results for 2006-2007 have been submitted.

- **BIF:** Announced in Budget 2001, the BIF was established as a $600-million fund, targeting infrastructure primarily at the six largest surface border crossings between Canada and the United States, as well as several other crossings. Since inception, there have been 12 BIF agreements, with a total federal commitment to date of $550.1 million. Refer to Sections II and IV for additional details.
- **MRIF:** Budget 2003 established this community-based fund, with an allocation of $1 billion for smaller-scale municipal infrastructure projects designed to improve the quality of life and economic opportunities in smaller centres, including a component addressing the infrastructure needs of First Nations. During 2007-2008, 821 projects were approved, valued at $212.4 million. As of March 31, 2008, a total of 1,778 projects have been approved, with a total federal investment of $871.3 million. Refer to Sections II and IV for additional details.
- **ICP:** This community-based fund was set up in 2000 and, as of March 31, 2006, all the original ICP funding had been committed to 3,871 projects across Canada, totalling more than $1.9 billion. The Program was extended to March 31, 2009, and to March 31, 2007 for the First Nations component, to provide more time to complete approved projects. A subsequent extension until 2011 was approved in 2007 (excluding the First Nations component).

Figure 2 illustrates the funding breakdown by project categories for these four programs (CSIF, BIF, ICP and MRIF).

Figure 2: Summary of Total Funding for Approved or Announced Projects (CSIF, BIF, ICP and MRIF) by Project Categories, as of March 31, 2008 ($M)



The Public Transit Fund (PTF)

Through the Public Transit Fund (PTF), the Government of Canada provided $400 million to support investments in public transit infrastructure in cities and communities. Modeled on the federal Gas Tax Fund, funding under the PTF was allocated to provinces and territories on a per capita basis between 2005-2006 and 2006-2007, to be spent over five years. The PTF offers the potential to reduce greenhouse gas emissions and smog in urban areas by improving services and offering Canadians greater flexibility in their transportations options.

The jurisdictions report on their PTF spending on an annual basis, at the same time as when they do their GTF reporting.

The major accomplishments of the PTF program are as follows:

- In 2006-2007, provincial and territorial PTF signatories spent $190 million, nearly half of the total allocated PTF amount.
- Nunavut, Yukon and PEI spent their entire PTF allocation on projects.

First Nations Communities

First Nations Infrastructure Fund (FNIF)

Announced in October 2007, the First Nations Infrastructure Fund (FNIF) pools resources from the Gas Tax Fund, the Municipal Rural Infrastructure Fund (MRIF) and the Indian and Northern Affairs Canada Capital Facilities Maintenance Program (CFMP) to create a $131 million program designed to help address the infrastructure needs for on-reserve First Nations communities within the provinces. FNIF is administered by Indian and Northern Affairs Canada.

The objectives of FNIF are to: improve the health and safety of First Nations communities; contribute to a cleaner and healthier environment; enhance collaboration between the Government of Canada and First Nations communities; and, leverage other sources of funds for First Nations infrastructure projects.

Four categories of projects are eligible under the program, each with several sub-categories: planning and skills development; solid waste management; roads and bridges; and, energy systems.

The program is competitive and application-based. Bands or tribal councils will be typical applicants and the program's administration will include national and regional committees that will review and recommend projects. For more information, please visit: ***http://www.ainc-inac.gc.ca/ps/bsg/cib/ci/prg-index_e.html***.

Priority 2: Developing Policy, Knowledge and Partnerships

Policy Development

Infrastructure Canada works to support public infrastructure needs through the development of strategic policies that are based on sound knowledge and strong partnerships and address existing and emerging challenges and opportunities. In 2007-2008, Infrastructure Canada continued to deliver high quality and timely policy support and advice to the Minister and to develop strategic policies based on sound knowledge and strong partnerships. Some results achieved include:

- Leading the development of the Building Canada plan that was announced in Budget 2007.
- Designing infrastructure programs and initiatives that enable provinces and territories as well as cities and communities and the private and non-profit sectors to contribute to Canada's competitiveness, environmental and quality of life objectives.
- Securing Cabinet approval of the Building Canada plan and overall policy and program framework to allow signing of framework agreements with provinces and territories.
- Signing several Building Canada framework agreements, as noted earlier.
- Conducting interim due diligence studies and providing project selection advice to the Minister.
- Providing parliamentary and cabinet support to the Minister to ensure that Infrastructure Canada perspectives are incorporated in relevant Parliamentary, Cabinet, interdepartmental and portfolio briefing and policy documents.

Knowledge and Partnership Development

On behalf of the Government of Canada, Infrastructure Canada seeks to build capacity and to develop and share knowledge about public infrastructure needs and policy options through research, communications and other partnership initiatives.

Infrastructure Canada contributed to the objective of generating and disseminating knowledge of infrastructure challenges in Canada by conducting in-house research, by providing targeted financial support to initiatives by other Canadian and international organizations, and by participating in major multi-stakeholder initiatives, such as the Centre on Infrastructure under the CanCompete

initiative of the Conference Board of Canada. Reports produced by departmental research analysts and released for discussion or information purposes included Best Practices in Brownfield Management and Redevelopment, and Urban Transportation in Canada: Key Issues, Challenges and Policy Response at the Provincial/Municipal Levels.

Infrastructure Canada is supporting a major collaborative project between the National Research Council Canada (NRC) and the National Round Table on Sustainable Infrastructure (NRTSI) aimed at improving knowledge of Canada's infrastructure. The NRC and Engineers Canada (representing NRTSI) will work collaboratively to establish scientific and engineering methods and develop nation-wide assessment tools for measuring and reporting on the state, performance and management of Canada's core public infrastructure.

Infrastructure Canada also continued to develop and strengthen partnerships with other levels of government, key stakeholders and international organizations to foster information exchange and sound policies and decision-making on public infrastructure. The department participated in the Federation of Canadian Municipalities (FCM) Sustainable Communities Conference and Trade Show and in several presentations on Integrated Community Sustainability Plans. Collaboration on international initiatives included working with the World Bank on developing lobal city indicators, working with the Province of British Columbia and Metro Vancouver in preparation for the first meeting in Canada of the Commonwealth Local Government Forum (CLGF), and funding support and extensive input to an ongoing OECD Metropolitan review of Toronto, in cooperation with the Province of Ontario and City of Toronto.

1.4.2 Infrastructure Challenges

In 2007, the average age of Canada's public infrastructure decreased to 16.3 years, a reduction from its peak of 17.5 years in 2000. The average age of public infrastructure has been falling almost steadily in most provinces for the past few years. This rejuvenating trend was driven mainly by large investments in highways and roads in several provinces.

Modern, world-class public infrastructure is a key factor in achieving the Government's goals of a stronger economy, a cleaner environment and better communities.

Infrastructure and the Economy

During 2007-2008, Canada's economy continued to be strong, with growth rates that surpassed those of all other G-7 nations, however, if Canada is to continue to live up to its potential in a global economy characterized by emerging economic superpowers, international "just-in-time" supply chains and fierce competition, modern, efficient and reliable infrastructure is essential to the country's prosperity today and for the long-term.

Modern, efficient infrastructure can encourage foreign investment and support economic growth. Research shows that inadequate public infrastructure tends to drive away foreign investment more so than quality infrastructure attracts private investment. This, in turn, suggests that public infrastructure is taken "as a given" – something that must be present.

Public infrastructure is also related to productivity. Congestion, for example, takes a major economic toll – it slows movement of goods and impacts productivity. Transport Canada estimates the total annual cost of congestion in terms of lost time and fuel consumption to be between $2.3 billion and $3.7 billion (in 2002 dollars) for Canada's nine major urban areas.

Modern, efficient infrastructure is necessary to get Canadian goods and service to global markets, which is critical for Canada, the most trade-dependent nation among the G-7. Exported goods and services accounted for 38% of Canada's gross domestic product (GDP) in 2005.

More than $1.8 billion in trade crosses the Canada-US border alone each day. In the last decade, trade with the United States has grown by an average of almost 6% a year. Canada's growing trade with emerging economies, particularly in Asia, is also straining the transportation system. From 1999 to 2004, Canada's merchandise exports to China grew, on average, by 20% a year. This sharp and sustained rise in trade and traffic puts relentless pressure on major corridors and border crossings, creating bottlenecks and impeding the flow of goods and people. Having the infrastructure in place that allows the transportation system to move people and goods – quickly and reliably – is crucial to Canada's competitiveness.

Canada's three largest cities (Toronto, Montreal and Vancouver) generate 35% of the country's GDP, a major factor in the broader Canadian economy. Modern infrastructure also creates employment opportunities and attracts skilled knowledge workers, particularly in Canada's urban centres, boosting the cities' growth and competitiveness. Modern, efficient infrastructure providing water, energy, and local transportation, as well as facilities for culture and sports, is critical to attracting people, jobs and investment in communities across Canada.

Infrastructure and the Environment

Maintaining a healthy and sustainable environment is directly related to the well-being and prosperity of Canadians. Infrastructure investments can be a powerful tool for achieving environmental goals. Better infrastructure planning and construction can reduce the impact of human activity, and help protect and improve the environment.

According to Environment Canada, air pollution is estimated to cause some 5,900 premature deaths each year in eight major cities in Canada, with personal transportation being among the main causes of air pollution. Shifting a larger portion of this traffic to public transit can improve air quality by providing an alternative to driving that is energy efficient and lower in emissions. In addition, Environment Canada's 2006 Greenhouse Gas (GHG) Inventory reports that the transportation sector is responsible for over 26% of GHG emissions in Canada. Enhanced public transit will help Canadian efforts to address climate change issues. A transit rider creates 65% lower greenhouse gas emissions than an auto user for the same trip, and commuters who take transit just twice a week can reduce their emissions by 25%.

Energy generation is another major contributor to air pollution in many areas of the country. In general, Canada has one of the most diversified electricity generation bases in the world, with sources including natural gas, oil, coal, nuclear power, and hydro-electricity and other renewable energy. However, there is an increasing need to make Canada's energy supplies and technologies cleaner and more efficient.

Water pollution is another major environmental challenge. Wastewater effluents are one of the largest sources of pollution to Canadian waters. Although 84% of inland municipal populations in Canada that are served by sewers receive secondary or tertiary wastewater treatment, a minority of coastal communities served by sewers has only secondary treatment, with most having only primary or no treatment at all. In addition, the cost of treating health problems related to water pollution is estimated at about $300 million per year. Again, effective modern infrastructure is needed to ensure sufficient processing and purification of wastewater, both for the protection of human health and to ensure the long-term viability of Canada's aquatic environments.

Infrastructure and Communities

Canada's national strengths are a function of the strengths of its communities, whether large or small, urban or rural. Liveable and prosperous communities of all sizes define Canadians' standard of living, quality of life and overall well-being. These communities must continually adapt to increasingly rapid change, and provide the infrastructure to maintain and improve residents' quality of life.

In the integrated global economy, Canada's large cities must compete with other global cities for private-sector capital investment and a skilled workforce. Today's skilled knowledge workers have high job mobility, picking and choosing the community where they will apply their skills. Cities and communities that provide a high quality of life are therefore able to attract, retain and create the required human capital to remain economically competitive. Talented professionals and investors are attracted to healthy, prosperous, vibrant and safe communities supported by public infrastructure such as public transit, sports facilities, green spaces, and arts and cultural institutions. Although many of Canada's largest cities consistently rank highly on global quality of life surveys, they face constant competition to maintain this standing.

Smaller communities also have unique challenges. They must build and maintain the full range of municipal infrastructure regardless of their population size. A lack of reliable and affordable transportation is seen as an obstacle to community development, reducing citizens' mobility and creating barriers and costs for community and rural businesses. In remote communities, the lack of broadband communications service is another significant deterrent to growth and residents' quality of life.

An important determinant of a community's liveability is the safety and reliability of its drinking water – an infrastructure issue of growing concern in many centres across Canada, particularly smaller and rural communities.

In addition to other issues facing cities and communities, decades of expansion and industrial development have contributed to a prevalence of "brownfield" sites across Canada. The National Round Table on the Environment and the Economy estimates that redevelopment of these sites has the potential to generate up to $7 billion a year in public benefits.

Section II: Analysis of Program Activities by Strategic Outcome

Analysis of Program Activities

Infrastructure Canada's mission is to build world-class public infrastructure that contributes to Canada's economic growth, a clean environment and strong communities for Canadians.

In carrying out this Government of Canada priority, Infrastructure Canada manages a suite of funding programs, and works to build the policies, knowledge and partnerships to support them. The Government maximizes value for taxpayers' money by supporting infrastructure projects that adhere to best practices, leveraging investments from other orders of government and requiring all funding recipients to be accountable.

2007-2008 Strategic Outcome: ***Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.***

Infrastructure Canada's Strategic Outcome in 2007-2008 identifies the organization's areas of influence and demonstrates how the department's efforts benefit Canadians and contribute to Government priorities. This Strategic Outcome is achieved by:

- Strategically investing and leveraging other investments in sustainable public infrastructure;
- Fostering effective, new and innovative types of partnerships;
- Providing federal leadership for infrastructure and community issues;
- Advancing policies, as well as building, connecting and sharing knowledge.

Infrastructure Canada had the following three Program Activities for 2007-2008:

- Infrastructure Investments: See section 2.1 for details.
- Policy, Knowledge and Partnership Development: See section 2.2 for details.
- Departmental Administration: See Section IV for details.

2.1 Program Activity 1: Infrastructure Investments

Table 1: Financial Resources ($ thousands)

Planned Spending	Authorities	Actual Spending
2,861,043	3,104,822	1,943,381

Table 2: Human Resources (FTEs)

Planned	Actual	Difference
144	144	0

During 2007-2008, in addition to the launch and creation of the federal government's new $33 billion Building Canada Infrastructure Plan, Infrastructure Canada continued to support important infrastructure investments across Canada through existing programs. Some $200 million was provided to top-up the MRIF to ensure continued support to communities across Canada during the transition to Building Canada. In 2007-2008, Infrastructure Canada provided close to $2 billion to support infrastructure priorities across Canada through existing programs.

In support of its priority to deliver or coordinate approved program funding, Infrastructure Canada manages and leverages investments in public infrastructure to improve the state of Canada's public infrastructure and, in turn, to promote economic growth, a clean environment and strong communities. The Department works in a coordinated manner with other federal departments and regional development agencies, provincial, territorial and municipal governments, First Nations and municipal associations to deliver approved program funding. Currently the six federal partners responsible for program delivery are: Western Economic Diversification Canada (for projects in the western provinces); Industry Canada (for projects in Ontario); Canada Economic Development for Quebec Regions (for projects in Quebec); the Atlantic Canada Opportunities Agency (for projects in the Atlantic provinces); Transport Canada (for major transit and transportation-related projects under the Building Canada Major Infrastructure Component); and Indian and Northern Affairs Canada (for projects in the provinces that involve First Nations and projects in the three territories).

This Program Activity consists of all infrastructure programming delivered through transfer payments as well as the related program management and monitoring functions.

Building Canada Fund (BCF)

The $8.8 billion Building Canada Fund's Major Infrastructure Component and Communities Component have been designed to support a number of the Government's national objectives. First, the BCF builds on and at the same time simplifies current existing infrastructure programs, to provide greater integration and flexibility. Second, by focusing on results and value for money and clearly defining objectives and expected results, the BCF respects the Government's core priority of improving the accountability and transparency of government operations to Canadians. Through a series of framework agreements to be signed with each jurisdiction, the BCF will work in partnership with provinces/territories and municipalities. Third, by investing in core infrastructure, BCF will support the growth of Canada's economy. Fourth, public infrastructure can play a large role in achieving outcomes related to the quality of Canada's air, water, and land, so BCF investments will contribute to a cleaner environment. Finally, viable and resilient public infrastructure is essential to fostering stronger and safer communities, which in turn contributes to a high quality of life for all Canadians.

Additional information on the BCF is available at, ***http://www.buildingcanada.gc.ca***.

Gas Tax Fund (GTF)

The Gas Tax Fund makes capital investments in environmentally sustainable municipal infrastructure to improve water and air quality and reduce greenhouse gas emissions. Eligible investments include water, wastewater, solid waste, public transit, community energy systems, and local roads and bridges. The GTF combines predictable, long-term funding with local decision making and planning to enable municipalities to build and rehabilitate their core public infrastructure. Whatever the priority, the GTF program strives to meet the diverse needs of all communities while contributing to national environmental outcomes.

Additional information on the GTF is available at, ***http://www.infrastructure.gc.ca/communities-collectivites/agreements-ententes/gas-essence_tax/index_e.shtml***.

GTF Activities

In 2007-2008, $778 million[3] of the GTF allocation ($790 million) was transferred to the provinces/territories, to be in turn allocated to their municipalities.

3 Does not include the amount for the First Nations, which is managed through the First Nations Infrastructure Fund (FNIF).

An agreement for all of Ontario's unincorporated areas was signed in June 2007. (In Ontario, unincorporated areas represent those parts of the province without municipal organization.) Ontario's unincorporated areas will receive $5,742,000 in federal gas tax funding for public road improvements. Through the agreement, the Government of Canada will provide a total of over $3.1 million to the northeast region of Ontario and over $2.6 million to the northwest. In total, 196 unincorporated areas will benefit. Eligible projects include culvert replacements, brushing and clearing, ditching, road realignments, resurfacing, safety improvements and other improvements.

British Columbia signed the first extension agreement in March 2007. A second round of applications for pooled funding was issued in December 2007 and closed in April 2008.

The GTF also includes a capacity building component to help municipal jurisdictions to develop Integrated Community Sustainability Plans (ICSPs), which is a key component of each agreement. In 2007-2008, BC developed its ICSP framework, which included the launch of a new website and a guide for municipalities for the development of their ICSPs. Nunavut, Nova Scotia and PEI also finalized their ICSP frameworks for communities in 2007-2008.

An implementation evaluation of the GTF was completed in 2007-2008, which concluded that the GTF is a well-run program. The study found that the GTF helps to foster relationships between governments. Some of the other study findings were:

- The accountability framework for the program is appreciated by the jurisdictions, and the reporting requirements are appropriate given the size and context of the program;
- There have been instances of delay in the flow of money for some jurisdictions due to late submission of their Annual Expenditure Report;
- All of the key management systems are working well;
- The oversight management of the program is working well: meetings of oversight committees are occurring and issues that arise are being addressed;
- The enterprise data warehouse administered by Infrastructure Canada is being used for reporting by jurisdictions and no issues were identified.

In summary, the GTF is meeting the needs of recipients and of the Government of Canada. The design and delivery have been well implemented. There are a few minor issues that require attention, but overall, the GTF is producing positive results and benefits for communities across Canada.

Results Achieved

Due to the unique upfront funding mechanism of the GTF program, projects are reported by the jurisdictions for the previous year from which the reporting takes place. Therefore for 2007-2008, the results for 2006-2007 have been submitted to Infrastructure Canada.

The GTF allocation for 2006-2007 was $592,494,000[4] of which $590.2 million flowed to the provinces and territories. In turn, the provinces and territories flowed $550 million to the municipal recipients. This equates to 1,967 new GTF projects. By 2006-2007, some 2,233 projects were funded through the GTF, benefiting more than 2,700 municipalities.

Since the funds are transferred upfront, the provinces/territories and municipalities are able to bank any unexpended funds and earn interest as long as the interest is used towards GTF investments. In 2006-2007, the provinces/territories and municipalities together earned over $13.1 million interest. As well, these recipients reported incurring administration costs of $2.6 million, which is easily offset by the interest alone. The limited administration cost compared to the interest earned has meant additional dollars for projects over and above provincial/territorial allocations.

Further financial information by province/territory can be found in Table 23 in Section IV.

In terms of spent and committed funds for projects, water and wastewater infrastructure is by far the largest investment category, followed by public transit and local roads. At the other end of the spectrum, investment dollars in solid waste, community energy systems and capacity building are among the least-accessed investment areas.

More than 85% of all GTF dollar investments from 2005 to 2007 focused on the renewal and expansion of existing infrastructure. New infrastructure represents a much smaller portion of investment dollars mainly in the areas of active transportation and recycling.

Table 3 provides a breakdown of the 2,233 committed projects 2005-2006 and 2006-2007, which is the latest information by category available for the program.

4 Does not include the amount for the First Nations, which is managed through the First Nations Infrastructure Fund (FNIF).

Table 3: GTF Project Funding by Category 2005-2006 and 2006-2007*

	2005-2006		2006-2007		Cumulative	
National	Projects	Funds Committed ($)	Projects	Funds Committed	Projects	Funds Committed
Water/Waste Water	125	19,192,105	923	393,626,839	1,048	412,818,944
Public Transit	26	88,203,167	31	128,424,643	57	216,627,810
Roads and Bridges	78	5,865,404	708	141,261,196	786	147,126,600
Solid Waste	14	11,313,435	85	31,677,230	99	42,990,665
Community Energy Systems	9	677,470	107	10,345,941	116	11,023,411
Capacity Building	14	1,885,009	113	5,085,341	127	6,970,350
Total	266	127,136,590	1,967	710,421,191	2,233	837,557,781

* The most recent expenditure figures for the GTF are for 2006-2007. The information is based on the annual expenditure reports that the provinces and territories submit to Infrastructure Canada in September after their fiscal year ends. The figures for 2007-2008 will become available in September 2008.

Some of the GTF highlights are as follows:

- The $3.34 million in Gas Tax funding received by Kamloops will buy 23,500 curb-side recycling containers and 12 split-body collection trucks that can simultaneously pick up solid waste and recyclables. The project is expected to reduce landfill by 3,000 tonnes per year and cut down on greenhouse gas emissions through the use of the more-efficient trucks;
- Chateau Heights, just north of Fredericton, stands on volcanic rock that forces water to circumvent the community completely. The small settlement has no potable water. Like many other very small communities in New Brunswick, residents depend on weekly deliveries of water in a tank truck. New Brunswick is investing $42 million over five years to alleviate water supply issues in Chateau Heights and other unincorporated areas. Examples include the extension of municipal services from Caraquet to help nearby residents who have been having a problem with salt water intrusion into their water supply, a study to find a solution to flooding and well water contamination in Point-du-Chêne and repairs to the water distribution system near Hanwell;
- The Province of Nova Scotia will receive $145.2 million in Gas Tax funds from 2005 to 2010. Halifax Regional Municipality is expected to receive over 40% of the 2005-2010 GTF allocation for Nova Scotia, or $63.7 million. From 2005 to 2007, municipalities invested 45% of funding in solid waste projects. Another 48% was split between water/wastewater and public transit projects with much of the remaining funding going toward roads and bridges;

- Nunavut also has a 2.1% capacity building fund for the development of integrated community sustainability plans. From 2005 to 2007, 82% of funding was invested in water and wastewater projects while the remaining 18% went to solid waste projects;
- The program supported the Hamilton Street Railway's purchase of a new fleet of eco-friendly hybrid buses. The fleet is composed of 12 diesel/electric hybrid buses – including seven 60-foot articulated buses – the first of their kind in Canada. These new, quieter buses will help lower greenhouse gas emissions, improve air quality and increase capacity for public transit users in Hamilton. The hybrid buses are part of an $18 million bus fleet purchase using $6 million in federal Gas Tax funds, $3.4 million of the provincial Gas Tax and Ontario Transit Vehicle Program (OTVP) funds, and $8.5 million from the City of Hamilton;
- The program supported the investment in the first 15 of 40 new CTrain cars for Calgary Transit. The $158 million investment was made possible by funding contributions from the Government of Canada, the Province of Alberta, and the City of Calgary. The investment in 40 new CTrain cars raises the capacity of Calgary's CTrain system by more than 30% and will allow CTrain frequency to increase to every three minutes from every five minutes during peak periods;
- The City of Gatineau, Quebec, will receive $11,848,869 under the federal-provincial agreement on the transfer of a portion of federal gasoline excise tax revenues and the Government of Quebec's contribution. This is the first payment for the City of Gatineau, which will receive a total of $37,027,716 over the next four years for major infrastructure projects.

Public Transit Fund (PTF)

The PTF provides $400 million, allocated over two years, to support projects that provide better and more flexible public transportation options for Canadians, thereby reducing congestion, reducing greenhouse gas emissions, reducing airborne pollutants and improving the quality of the environment. Funds are transferred to municipalities or other eligible recipients through agreements between Canada and the provinces and territories. Allocation in most jurisdictions is based primarily on transit ridership.

Results Achieved

All PTF funds flowed to provinces and territories between 2005 and 2007. By the end of 2006-2007, $190 million, or nearly half of the $400 million total allocation, was spent on projects.

Table 24 in Section IV provides the expenditures spent on the PTF for 2006-2007 by the provinces and territories. The numbers are an approximation as not all annual expenditure reports had been received by the end of the fiscal year.

- Nova Scotia – The $11.7 million investment is being shared among several transit systems including Halifax Regional Municipality's Metro Transit, Kings Transit in the Annapolis Valley, Cape Breton Regional Municipality's system and five systems in rural communities across the province. The money is made available through the Canada-Nova Scotia Agreement on the Transfer of Federal Public Transit Funds;
- Windsor, Ontario – A new downtown multi-modal bus terminal is being made possible through partnership funding from all levels of government. The federal government contributed $2.7 million through the federal Public Transit Capital Trust. The Government of Ontario contributed $3.2 million in transit expansion and provincial gas tax funding to the City of Windsor. The City of Windsor has contributed $1.6 million, including $300,000 from the City Centre Revitalization Program, and $100,000 from the Windsor Accessibility Committee;
- British Columbia – Small towns and rural communities in British Columbia are benefiting from $1.5 million for new and expanded transit services. BC Transit will receive this funding from the federal Public Transit Fund. The funding will help link rural communities and small towns to regional services. More than 16 communities will benefit from this new funding, which will be leveraged with other funding partners. Areas that will enjoy the benefits of these transit systems will include the city of Merritt, the town of Golden, and the Regional Districts of Thompson-Nicola, East Kootenay, and Cariboo;
- Northwest Territories – Over $1.27 million in funding is being provided for community public transit infrastructure projects. The projects receiving funding include: a minibus for Elders in Gameti; public transit vehicles in Sachs Harbour, Lutselk'e and Hay River; bus shelters, secure bike racks, signage for cycling trails, and pedestrian walkways in Yellowknife; a trail system in Fort Smith; as well as path and trail development and a Handi Bus transportation in Hay River.

Additional information on the PTF is available at: ***http://www.infrastructure.gc.ca/communities-collectivites/agreements-ententes/public_trans_commun/index_e.shtml***.

Canada Strategic Infrastructure Fund (CSIF)

The CSIF operates under the authority of the *Canada Strategic Infrastructure Fund Act*. It is directed to projects of major federal and regional significance in areas that are vital to sustaining economic growth and enhancing the quality of life of Canadians.

CSIF investments are made in cooperation with the provinces, territories, municipalities and the private sector. Each project is governed by specifically tailored arrangements with partners. Maximum federal funding is set at 50% of total eligible project costs, except for broadband and northern infrastructure projects, for which federal funding can go to a maximum of 75%. The costs of projects involving a municipal partner are typically shared equally among the three orders of government.

Ten per cent of the CSIF allocation is targeted for projects identified as national priority projects. The CSIF has supported large-scale national projects that include the Red River Floodway project in Manitoba, the National Satellite Initiative to provide broadband access to northern and remote communities and the twinning of the Trans-Canada Highway in Banff National Park in Alberta. For more information about CSIF projects, visit ***http://www.infrastructure.gc.ca/ip-pi/csif-fcis/proj/proj_desc_prov_e.shtml***.

Results Achieved

As of March 31, 2008, total CSIF funding amounted to $5.2 billion. During 2007-2008, nine new projects were announced with a total federal contribution of $210.1 million. These projects were:

- The Corner Brook Water Treatment and Distribution Plant in Newfoundland and Labrador, announced on May 16, 2007 with a federal contribution of $12 million;
- The Torbay Bypass Road in Newfoundland and Labrador, announced on May 24, 2007 with a federal contribution of $5 million;
- Naskapi Imuun. Inc. Broadband (NSI), announced in Quebec on May 7, 2007 with a federal contribution of $4.7 million;
- Shortline Rail Projects announced in Quebec on July 7, 2007 with a federal contribution of $30 million;
- Northern Indigenous Community Satellite Network, announced in Quebec on August 24, 2007 with a federal contribution of $20.6 million;
- Wastewater treatment system improvements in Sarnia and Brockville, Ontario announced on July 5, 2007 with a federal contribution of $40.48 million;
- The Niagara Convention and Civic Centre announced in Ontario on September 5, 2007 with a federal contribution of $35 million;
- Regional Rural Water Supply Systems announced in Saskatchewan on September 14, 2007 with a federal contribution of $27.3 million.

Since the CSIF was established in 2001, 71 projects have been announced totalling more than $4.5 billion in federal contributions and contribution agreements (establishing the legal basis for federal payments on projects) have been signed for 46 projects. Table 4 illustrates the breakdown of CSIF projects by investment category.

As of March 31, 2008, the majority of CSIF funding has been committed, including the $750 million of top up funding announced in Budget 2006.

Additional information concerning the breakdown of CSIF projects announced in 2007-2008, by category and province, is shown in Tables 18 and 19 in Section IV.

Table 4: Federal Funding Commitments for CSIF

Category	# of Projects Announced in 2007-2008	Total Federal Funds Allocated in 2007-2008 ($M)	# of Projects Announced as of March 31, 2008	Total Federal Funds Allocated as of March 31, 2008 ($M)
Water	2	39.3	3	97.8
Wastewater	1	40.5	14	329.1
Local Transportation Infrastructure	–	–	1	13.0
Highways and Rail Infrastructure	2	35.0	21	1,605.5
Public Transit	1	35.0	8	1,491.0
Broadband	2	25.4	7	68.6
Disaster Migration	–	–	1	332.5
Housing	–	–	1	20.0
Tourism or Urban Development	1	35.0	15	509.7
Total	**9**	**210.1**	**71**	**4,467.2***

Note: columns may not add due to rounding.

* Total does not include Federal Coordination of $137M, Research of $50M, the $50M Transfer to Parks Canada for Banff National Park or the $4.15M Spending restraint imposed by TBS to smaller Ministry.

Border Infrastructure Fund (BIF)

The $600-million BIF was established in 2001 to target improvements primarily to the six largest surface border crossings between Canada and the United States, as well as improvements to several other crossings. It has provided funding for investments in physical infrastructure, intelligent transportation system infrastructure and improved analytical capacity. BIF investments in border infrastructure are critical to Canada's growing economic and trade relationship with the United States and reflect the importance of Canada's border crossings, ports and highway approaches to economic growth, trade and security, both nationally and as international gateways.

Results Achieved

Since BIF's inception, 12 projects have been announced totalling $550.1 million in federal contributions. A summary of BIF expenditures is provided in Table 5. For more information about BIF projects, visit ***http://www.infrastructure.gc.ca/ip-pi/bif-fsif/proj/proj_desc_prov_e.shtml***.

Additional information concerning BIF projects, by category and province/territory, is shown in Tables 20 and 21 in Section IV.

Table 5: Federal Funding Commitments for BIF

Category	# of Projects Announced in 2007-2008	Total Federal Funds Allocated in 2007-2008 ($M)	# of Projects Announced as of March 31, 2008	Total Federal Funds Allocated as of March 31, 2008 ($M)
Physical Infrastructure	–	29.95	11	546.0
Improve Analytical Capacity	–	–	–	–
Intelligent Transportation System Infrastructure	–	–	1	4.1
Total	**0**	**29.95**	**12**	**550.1***

* The total allocation for BIF excludes $3M, which was transferred to the Canada Border Services Agency for the Border Modelling project.

Municipal Rural Infrastructure Fund (MRIF)

Reflecting a government commitment to municipal and economic growth, the $1.2 billion MRIF, announced in 2003, focuses on smaller-scale municipal infrastructure projects that support sustainable development, improved quality of life and economic opportunities and increased connectivity for smaller and rural communities. A minimum of 60% of the MRIF's nation-wide expenditures is devoted to projects addressing environmental quality objectives such as water and wastewater treatment. MRIF also supports roads, bridges, cultural and recreation infrastructure in communities across Canada. The MRIF also has a component to address the infrastructure needs of First Nations communities, which is now part of the FNIF.

As part of its infrastructure investment activities, Infrastructure Canada also works to build capacity and generate knowledge on infrastructure and community issues working with municipalities and other partners. Up to 1% of the jurisdictional allocation under the MRIF is available for a Municipal Capacity Building component that seeks to encourage the use of integrated asset management by small-scale Canadian municipalities. The goal of this component is to promote the implementation of integrated approaches to public infrastructure planning and management;

encourage the use of asset management in support of decision making; promote the integration of demand management in public infrastructure planning and management; and encourages the sharing of project results with other municipalities and the public.

The formative evaluation conducted in 2007-2008 noted that MRIF is an appropriate program to support infrastructure development in smaller and rural municipalities, has produced a significant number of outputs (infrastructure projects) that will contribute to the intended outcomes of the program, and is appropriately designed to promote policy objectives for all partners involved. It also indicated that the role of the federal government in MRIF is relevant in that it has expedited the realization of much needed municipal infrastructure projects and leveraged other funding sources to provide 70.6% of the project funding.

Results Achieved

During 2007-2008, 821 new MRIF projects were approved, with a total federal contribution of $212.4 million. Since the MRIF was established in 2003, 1,778 projects have been approved, totalling $871.3 million in federal contributions. Table 6 illustrates how the MRIF projects approved as of March 31, 2008, are distributed by investment category.

One of the priorities during 2007-2008 was to allocate the additional $200 million MRIF funding. As of March 31, 2008, the majority of MRIF funding, including the top-up, has been allocated in all provinces and territories.

Another priority during 2007-2008 was to deliver MRIF funds identified for First Nations communities in the provinces. On April 16, 2007, an MOU between INFC and Indian and Northern Affairs Canada was signed. In October 2007, Infrastructure Canada, Indian and Northern Affairs Canada and the Assembly of First Nations announced the First Nations Infrastructure Fund (FNIF).

For more information about MRIF projects, visit ***http://www.infrastructure.gc.ca/ip-pi/mrif-fimr/projects-projets/index_e.shtml***. For more information about FNIF projects, visit ***http://www.ainc-inac.gc.ca/ps/bsg/cib/ci/prg-index_e.html***.

Additional information concerning MRIF projects, by province/territory, is shown in Table 22 in Section IV.

Table 6: Federal Funding Commitments for MRIF

Category	# of Projects Announced in 2007-2008	Total Federal Funds Allocated in 2007-2008 ($M)	# of Projects Announced as of March 31, 2008	Total Federal Funds Allocated as of March 31, 2008 ($M)
Water	131	66.8	380	231.6
Wastewater	96	48.1	360	282.3
Solid Waste	3	0.2	38	10.2
Environmental Energy Improvements	17	8.7	29	24.7
Local Roads	50	22.6	366	147.0
Public Transit	3	0.5	5	8.1
Cultural	24	7.7	63	21.6
Recreation	78	43.4	152	110.4
Connectivity	4	0.1	8	4.4
Tourism	14	8.2	20	14.5
Municipal Capacity Building	440	3.7	447	4.4
Service Infrastructure	1	2.6	6	12.1
Adjustment for projects applicable to multiple categories	(40)	–	(96)	–
Total	**821**	**212.4**	**1,778**	**871.3**

Infrastructure Canada Program (ICP)

The $2.05-billion ICP was created in 2000 to enhance infrastructure in Canada's urban and rural communities and to improve the quality of life of Canadians through investments that protect the environment and support long-term community and economic growth. Funding was transferred, at the beginning of the program, to the federal delivery partners whose ministers are accountable for delivery of the program. While each of the federal ministers heading these departments has financial and parliamentary responsibility for program delivery, the Minister responsible for Infrastructure Canada is responsible for the overall policy and coordination aspects including maintenance of the Shared Information Management System for Infrastructure (SIMSI)) and the required program evaluation.

The priority for the ICP has been to support "green" municipal infrastructure, consistent with the Government's sustainable development objective. A minimum of 50% of federal ICP expenditures is devoted to such projects as water and wastewater systems, solid waste management and recycling and capital

expenditures to retrofit or improve the energy efficiency of buildings and facilities owned by local governments. Other ICP priorities include local transportation infrastructure, cultural and recreational facilities, rural and remote telecommunications and affordable housing.

The ICP (with the exception of the First Nations component) was extended to March 31, 2011 to allow all agreements and projects to be completed. No additional funding will be provided.

Results Achieved

Since its inception, 3,871 ICP projects have been approved, totalling nearly $2 billion in federal contributions. A summary of federal funds allocated by ICP categories is provided in Table 7. For more information about ICP projects, visit ***http://www.infrastructure.gc.ca/ip-pi/icp-pic/projects-projets/index_e.shtml***.

The total investment in community infrastructure generated by ICP to date exceeds the original goal by 30%. The federal contribution leveraged nearly $6 billion of total investment in community infrastructure from other levels of government. As determined by the mid-term evaluation of the ICP in 2006, the Program has also achieved an appropriate balance of federal and provincial priorities. A summary of the evaluation report is available at ***http://www.infrastructure.gc.ca/pd-dp/eval/me_icp_2006_e.shtml***.

Additional information concerning ICP projects, by province/territory, is shown in Table 21 in Section IV.

Table 7: Federal Funding Commitments for ICP

Category	# of projects approved as of March 31, 2008	Total Federal Funds Allocated as of March 31, 2008 ($M)
Green Municipal	2,420	1,055.2
Local Transportation	731	421.1
Cultural and Recreational	608	352.1
High-Speed Access for Public Institutions	3	8.4
Rural and Remote Telecommunications	5	0.7
Affordable Housing	7	6.8
Tourism	61	78.2
Other	36	15.4
Total	**3,871**	**1,937.7**

Note: Columns may not add due to rounding.

2.2 Program Activity 2: Policy, Knowledge and Partnership Development

Table 8: Financial Resources ($ thousands)

Planned Spending	Authorities	Actual Spending
18,157	20,134	13,046

Table 9: Human Resources (FTEs)

Planned	Actual	Difference
93	73	20

Policy Development

Infrastructure Canada works with its partners to identify and assess public infrastructure needs, to evaluate priorities and funding pressures and to develop policy options for the Minister's consideration.

Results Achieved

In 2007-2008, Infrastructure Canada continued to deliver high quality and timely policy support and advice to develop strategic policies based on sound knowledge and strong partnerships. In particular, 2007-2008 was a busy year, focused on the launch of the federal government's new, 7-year, $33 billion Building Canada plan announced in Budget 2007. This required extensive work related to policy development, program design and frameworks, approvals, negotiation with all thirteen jurisdictions and the launching of the Building Canada plan by the Prime Minister on November 6, 2007.

Specific results achieved include:

- Providing policy support to the Minister through the development and implementation of a long-term comprehensive infrastructure plan and policy leveraging frameworks to meet Canada's infrastructure needs and provide stable, predictable and long-term infrastructure funding to provinces, territories and municipalities;
- Signing several Building Canada framework agreements, as noted earlier;

- Conducting interim due diligence studies of the funding eligibility of project proposals under CSIF and BIF and providing project selection advice, based on the due diligence process, to the Minister;
- Providing ongoing policy support, advice and timely information to the Minister on broad infrastructure policy and project priorities;
- Providing parliamentary and cabinet support to the Minister to ensure that Infrastructure Canada perspectives are incorporated in relevant Parliamentary, Cabinet, interdepartmental and portfolio briefing and policy documents.

Knowledge

In supporting the development of strategic policies and strong partnerships, the research activities sponsored or conducted by Infrastructure Canada under the Knowledge component of this Program Activity focus on three objectives:

- Knowledge Generation – Building new knowledge that responds directly to priority gaps in the understanding of public infrastructure issues facing Canada;
- Research Community Building – Fostering the development of a multi-disciplinary community of researchers and other experts;
- Knowledge Dissemination and Transfer – Developing innovative, effective ways to share and communicate knowledge from national and international sources.

Results Achieved

a) Knowledge Generation

Infrastructure Canada contributed to the objective of generating knowledge of infrastructure issues in Canada by conducting in-house research, as well as by sponsoring targeted research under two programs: the Peer Reviewed Research Studies (PRRS) program and the Knowledge-building, Outreach and Awareness (KOA) program. These two programs are part of the Research, Knowledge and Outreach Initiative, which was announced in 2005 for a five-year period, with total funding of $25 million (reduced to $12.5 million in 2006-2007). The KOA and PRRS programs were both extended by a period of one year, and will now terminate on March 31, 2010.

In-house research is focused on improving baseline knowledge of emerging policy and economi :ssues with implications for nation-wide infrastructure priorities, drawing on academic experts and professional consultants as needed. Two key areas of focus in 2007-2008 were policy challenges in urban transportation

and the redevelopment of "brownfields" – abandoned, or underutilized commercial or industrial sites. The following research studies were released by the department for discussion or information purposes:

- Correlations between Public Infrastructure and Output;
- Urban Transportation in Canada's Major Cities: Overview of Key Issues, Challenges and Policy Responses at the Provincial and Municipal Levels;
- International Best Practices in Brownfield Management and Redevelopment Policy;
- Brownfield Management, Remediation and Redevelopment: Overview of Provincial, Territorial and Municipal Practices in Canada;
- Current Federal Support and Initiatives Related to Brownfields.

In addition, two research notes were published on the results of ongoing in-house analyses to help guide future research directions: Literature Review of Methodologies to Evaluate the State of Infrastructure, and a review of Integrated Water Resource Management.

In 2007-2008, the KOA Program was used to provide targeted support to three initiatives focused on furthering applied research and technical knowledge on the state of Canada's infrastructure through the signing of agreements with a combined total value of approximately $940,400. Initiatives included:

- The development of case studies as part of the Canadian Council for Public Private Partnerships' (PPP) National Awards for Innovation and Excellence in PPP;
- An agreement with the Organisation for Economic Co-operation and Development (OECD) in partnership with the Province of Ontario and the City of Toronto to contribute funding towards an OECD assessment of the economic competitiveness of the metropolitan area of Toronto, involving consultations and an examination of the state of its economy, environment, social integration and infrastructure;
- Support towards a major collaborative project between the National Research Council Canada (NRC) and the National Round Table on Sustainable Infrastructure (NRTSI), which is comprised of over fifty national infrastructure stakeholders. The NRC and NRTSI (representing Engineers Canada) will work collaboratively to establish scientific and engineering methods and develop nation-wide assessment tools for measuring and reporting on the state of Canada's core public infrastructure. The results will

help decision-makers in identifying priorities for addressing local and regional infrastructure needs, in support of national objectives of the Building Canada plan.

b) Research Community Building

Infrastructure Canada contributes to this objective through consultations, participation in relevant events and leading initiatives aimed at improving exchange and research collaboration between different organizations and fields of expertise.

Results Achieved

Infrastructure Canada became an active member of the major CanCompete initiative of the Conference Board of Canada. CanCompete is a multi-stakeholder research and consultation forum with the goals of building a National Competitiveness Action Plan and enhancing collaboration between the public and private sectors. CanCompete is structured around five Centres, each focused on one of five strategies to improve Canada's competitiveness. The Centre on Infrastructure will address the "successful cities" strategy, and will be closely linked with other Centres.

Infrastructure Canada compiled a list of federal experts and researchers involved in infrastructure-related issues and organized fora and presentations by outside experts on key issues.

c) Knowledge Dissemination and Transfer

With new information being generated on infrastructure, an increasingly important objective for Infrastructure Canada is to develop and encourage ways of disseminating this new information and knowledge to client audiences.

Results Achieved

Significant progress was made in improving the availability of Infrastructure Canada research products through on-line resources by upgrading and expanding on the Infrastructure Research Gateway on the Infrastructure Canada Internet site (*http://www.infrastructure.gc.ca/research-recherche/index_e.shtml*). New or improved on-line resources and information products included easier access to the on-line Register of Research, and the timely provision of "research précis", providing interpretations of new developments or topical issues, including: "Is 'Just-in-Case' replacing 'Just-in-Time'"; "How Cross-border Trading Behavior has Changed since 9-11"; and, "Outlook on Australia's Infrastructure Plans." Infrastructure Canada is also developing an on-line list of information, tools and resources related to sustainable community planning.

Partnership Development

Infrastructure Canada is committed to working cooperatively with partners at all levels of government, nationally and internationally, and across all sectors to implement a shared vision for the economic, social and environmental sustainability of Canada's infrastructure and communities.

Results Achieved

Infrastructure Canada has continued to strengthen its capacity to develop and foster sound policies and decision-making on public infrastructure based on better knowledge, consensus and strong partnerships. In 2007-2008, successful initiatives in partnership development included:

- Launched negotiations under Building Canada with all provinces and territories and concluded eight framework agreements. Infrastructure Framework Committees will be establishing to oversee Building Canada in each jurisdiction and provide a senior-level forum to collaborate on infrastructure issues and priorities;
- Strengthened collaboration with provinces, territories and municipalities through such initiatives as the Gas Tax Oversight Committees responsible for monitoring the overall strategic implementation of GTF and PTF and participation in such events as the 2008 FCM Sustainable Communities Conference and Trade Show;
- Supported the building of municipal capacity to plan for and achieve sustainability objectives, including sustainable infrastructure. This has included several Infrastructure Canada-supported presentations and workshops on ICSPs. These events provided a platform for the Department to share information with stakeholders to help promote long-term planning on a municipal and regional scale;
- Maintained and enhanced strong partnerships with regional development agencies and other partners for the delivery of programs and projects;
- Continued to work with international bodies on infrastructure and communities related issues. Infrastructure Canada continued its international collaboration to develop and maintain partnerships with multilateral organizations (e.g., OECD, World Bank, UN-HABITAT, and Commonwealth Local Government Forum (CGLF)) and other nations to generate

and communicate knowledge in support of sound policy making. Some examples are as follows:

- Infrastructure Canada continued to work in collaboration with the World Bank on its international pilot study to develop global city indicators, and expressed its support for the founding of the Cities Centre at the University of Toronto;
- In cooperation with the Province of Ontario and the City of Toronto, Infrastructure Canada submitted an extensive background report to the OECD on the socio-economic, governance and competitiveness profile of the Toronto region, in support of an OECD Metropolitan Review of the Toronto Region. As part of this project, Infrastructure Canada, in collaboration with its partners, organized and executed the first study mission for the OECD and its experts to Toronto in December 2007, and undertook planning for the second study mission held from April 28 to May 2, 2008;
- Established a steering committee composed of the Province of British Columbia, Metro Vancouver, the FCM and CLGF in order to prepare for the CLGF's first Board meeting in Canada, to be followed by an International Roundtable on Infrastructure Financing and Planning.

Section III: Supplementary Information

3.1 Link to the Government of Canada Outcomes Areas

The whole-of-government framework for reporting Canada's performance groups all departmental Strategic Outcomes and Program Activities into four broad Spending Areas: ***Economic Affairs, Social Affairs, International Affairs*** and ***Government Affairs.***

Infrastructure Canada's one Strategic Outcome and two corresponding Program Activities align with the Government of Canada Outcomes as shown in Table 10.

Table 10: Infrastructure Canada's Linkage to the Whole-of-Government Performance Framework

2007-2008 Strategic Outcome: Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.

	Actual Spending 2007-2008 ($)			Alignment to Government of Canada Outcome Area
	Budgetary	Non-budgetary	Total	
Program Activity #1: Infrastructure Investments	1,943,381	0	1,943,381	Strong Economic Growth
Program Activity #2: Policy, Knowledge and Partnership Development	13,046	0	13,046	Innovative and Knowledge-based Economy

Program activity 1 contributes to the Government of Canada's "Strong Economic Growth" outcome area. By supporting modern public infrastructure, Infrastructure Canada promotes the growth and competitiveness of Canada's economy by, for example, facilitating the flow of goods and people, promoting interprovincial and international trade through gateways and corridors, supporting tourism, and increasing the use of e-commerce.

Program activity 2 contributes to the Government of Canada's "Innovative and Knowledge-based Economy" outcome area. Infrastructure Canada supports innovation and progress in delivering world-class public infrastructure and addressing priority infrastructure knowledge gaps through research, knowledge and capacity building, and strong partnerships. Based on strong cooperation with other federal departments and agencies and with partner organizations in the private sector and other jurisdictions, its work:

- Strengthens the information base for decision-making, including improving understanding of the state and impacts of public infrastructure, identifying internal and external conditions that shape Canada's infrastructure needs, emphasizing applied research, technical excellence and sharing of best practices to increase the life expectancy of public infrastructure;
- Improves understanding of how sound public infrastructure choices can help Canadian communities, cities and regions adapt and respond to emerging economic, environmental and social challenges, such as climate change, energy use, changing demographics, freshwater supply, and economic competitiveness;
- Supports innovation and efficiency in the management, design, construction, operation, maintenance and rehabilitation of infrastructure, including assessment of new technologies, innovative land use, financing issues, asset management and interdependencies between asset types;
- Measures the effectiveness of programs and infrastructure investments, new and existing systems and technologies; this includes improving performance indicators and determining the economic, social and environmental impacts of infrastructure including productivity.

For more information about the Government of Canada's four broad Spending Areas and the corresponding 13 Outcomes, visit ***http://www.tbs-sct.gc.ca/ppg-cpr/Home-Accueil-eng.aspx***.

3.2 Federal Delivery Partners

Infrastructure Canada is part of the Transport, Infrastructure and Communities (TIC) portfolio. Infrastructure Canada collaborates with other federal departments and agencies to deliver many of its infrastructure programs; e.g., Indian and Northern Affairs Canada works with Infrastructure Canada to implement projects in the territories and those that involve First Nations in the provinces. Infrastructure Canada also works closely with Western Economic Diversification Canada, Industry Canada (Ontario), Canada Economic Development for Quebec Regions, and the Atlantic Canada Opportunities Agency.

These departments and agencies share their knowledge of local needs and priorities, as well as their technical expertise, resources and governance structures and are critical to Infrastructure Canada's ability to fulfill its mandate. For transport-related projects from the Canada Strategic Infrastructure Fund and the Border Infrastructure Fund, Transport Canada provides the federal lead role while Infrastructure Canada provides a supportive role.

In addition to federal partners, Infrastructure Canada collaborates with provincial, territorial and municipal governments and associations, as well as universities, research institutes, civil society organizations, the private sector and other experts. This collaboration is intended to:

- Generate new, horizontal insights into infrastructure and place-based issues;
- Develop a stronger, more multi-disciplinary research community to provide support for policy and decision makers in the multiple sectors involved in addressing Canada's infrastructure needs;
- Gather, disseminate and communicate knowledge about infrastructure from and to key partners.

3.3 Supplementary Tables

Table 11: Comparison of Planned to Actual Spending (including FTEs)

($ thousands)	2005-2006 Actual	2006-2007 Actual	2007-2008 Main Estimates	2007-2008 Planned Spending	2007-2008 Total Authorities	2007-2008 Actual
Infrastructure Investments (New PAA)		1,455,063	2,000,322	2,859,821	3,104,822	1,942,054
Policy, Knowledge and Partnership Development (New PAA)		13,773	17,375	17,375	20,134	12,714
Infrastructure and Communities (Former PAA)	1,503,085	0	0	0	0	0
Crown Corporations Portfolio Management (Former PAA)	24,251	0	0	0	0	0
Total	1,527,336	1,468,836	2,017,697	2,877,196	3,124,956	1,954,768
Plus: Cost of services received without charge	2,440	2,298		2,004		1,659
Total Departmental Spending	**1,529,776**	**1,471,134**	**2,017,697**	**2,879,200**	**3,124,956**	**1,956,427**
Full Time Equivalents	**180**	**184**	**N/A**	**237**	**N/A**	**217**

Explanatory Notes:

- The variance between total authorities and actual spending in 2007-2008 is due mainly to two factors:
  - Finalization of contribution agreements for programs such as CSIF, BIF and PT Base took longer than originally anticipated, therefore delaying the initiation of reimbursement of project claims to recipients;
  - Reduced cash requirements by recipients for the current year, based on cash flow projections for MRIF, BIF and CSIF.
- All lapsed contribution funding in 2007-2008 will be carried forward to future years to align with recipient cash flow requirements.

Table 12: Voted and Statutory Items ($ thousands)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007-2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
50	Operating expenditures	27,362	27,475	38,033	35,177
55	Contributions	1,988,017	2,847,403	3,084,341	1,917,009
(S)	Contribution to Employee Benefit Plans	2,318	2,318	2,582	2,582
Total Department		**2,017,697**	**2,877,196**	**3,124,956**	**1,954,768**

Table 13: Details on Transfer Payment Programs (TPPs)

Infrastructure Canada managed the following Transfer Payment Program in excess of $5 million:

- Contributions under the Canada Strategic Infrastructure Fund;
- Contributions under the Border Infrastructure Fund;
- Contributions under the Municipal Rural Infrastructure Fund;
- Transfer Payments under the Gas Tax Fund.

For further information on the above-mentioned transfer payment programs see: ***http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp***.

Table 14: Reporting on Horizontal Initiatives

The objective of reporting on Horizontal Initiatives is to provide Parliamentarians, the public and the government with an overall picture of public expenditures, plans, priorities and achievements for all major horizontal initiatives.

A Horizontal Initiative is an initiative in which partners from two or more organizations have agreed, under a formal funding agreement, to work towards the achievement of shared outcomes. Over the last year, Infrastructure Canada led four horizontal initiatives: Canada Strategic Infrastructure Fund, Border Infrastructure Fund, Municipal Rural Infrastructure Fund and Infrastructure Canada Program.

Supplementary information on the above-mentioned Horizontal Initiatives can be found at ***http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp***.

Table 15: Internal Audits Completed in 2007-2008

Name of Internal Audit	Audit Type	Status	Completion Date
Financial Management Control Framework Components of Stewardship and Accountability	Financial management controls	Completed	November 2007
Financial Coding	Financial management controls	Completed	November 2007
Monitoring of the Operating Budget	Financial management controls	Completed	March 2008
Departmental Delegation of Financial Authority	Follow up	Completed	March 2008
Human Resources Classification and Staffing	Human Resources	In progress	May 2008 (expected)

Table 16: Evaluations Completed in 2007-2008

Program	Name of Evaluation	Description	Approval date of the evaluation framework	Start date of field work	Approval date of the final report
MRIF	Formative evaluation of MRIF	The formative (or interim) evaluation of MRIF assessed results achieved to date on the Program and also included a review of issues related to the implementation and administration of the Program (design and delivery issues).	Sept. 2006	June 2007	March 2008
GTF	Process evaluation of the GTF (Implementation Review)	Internal formative/process evaluation was carried out to assess the implementation of the initiative and to ensure that the management and reporting systems have been set up properly.	Jan. 2007	Nov. 2007	March 2008

Office of Infrastructure of Canada

Financial Statements (Unaudited)

For the Year Ended March 31, 2008

Office of Infrastructure of Canada

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

Management has established a Departmental Audit Committee (DAC) that provides leadership oversight and advice in the spirit of the Treasury Board policy on Internal Audit and Directive on Departmental Audit Committees. The Committee is chaired by the Deputy Head. The DAC is responsible for exercising active oversight of core areas of departmental control and accountability which includes reviewing the departmental financial statements and all significant accounting estimates and judgments therein.

The financial statements of the department have not been audited.

Louis Ranger
Deputy Head

David Cluff
Senior Financial Officer

Signed at Ottawa, ON
August 8, 2008

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Office of Infrastructure of Canada
Statement of Operations *(Unaudited)*
For the Year Ended March 31, 2008
(in thousands of dollars)

Expenses	2008	2007
Transfer payments (Note 4)	1,905,215	1,427,383
Operating expenses (Note 5)	38,828	35,896
Total expenses	1,944,043	1,463,279
Revenues	2	9
Net Cost of Operations	1,944,041	1,463,270

The accompanying notes form an integral part of these financial statements.

3

Office of Infrastructure of Canada
Statement of Financial Position *(Unaudited)*
At March 31, 2008
(in thousands of dollars)

	2008	2007
Assets		
Financial assets		
Accounts receivable and advances (Note 6)	144,449	44,676
Non-financial assets		
Tangible capital assets (Note 7)	12,460	11,639
TOTAL	**156,909**	**56,315**
Liabilities		
Accounts payable	44,848	4,340
Accrued and other liabilities	23,839	58,604
Vacation pay and compensatory leave	879	659
Employee severance benefits (Note 8b)	3,132	3,020
Total liabilities	**76,698**	**66,623**
Equity of Canada	**84,211**	**(10,308)**
TOTAL	**156,909**	**56,315**

The accompanying notes form an integral part of these financial statements.

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Office of Infrastructure of Canada
Statement of Equity of Canada *(Unaudited)*
At March 31, 2008
(in thousands of dollars)

	2008	2007
Equity of Canada, beginning of year	(10,308)	(260,799)
Prior year adjustment	-	11
Net cost of operations	(1,944,041)	(1,463,270)
Current year appropriations used (Note 3)	1,954,769	1,468,812
Revenue not available for spending	(11,898)	(6,637)
Change in net position in the Consolidated Revenue Fund (Note 3c)	94,030	249,277
Services provided without charge(Note 10a)	1,659	2,298
Equity of Canada, end of year	**84,211**	**(10,308)**

The accompanying notes form an integral part of these financial statements.

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Office of Infrastructure of Canada
Statement of Cash Flow *(Unaudited)*
At March 31, 2008
(in thousands of dollars)

	2008	2007
Operating activities		
Net cost operations	1,944,041	1,463,270
Non-cash items:		
Amortization of tangible capital assets (Note 7)	(4,039)	(2,054)
(Loss) Gain on disposal of tangible capital assets	-	(1)
Services provided without charge (note 10a)	(1,659)	(2,298)
Variations in Statement of Financial Position:		
Decrease (increase) in liabilities	(6,075)	263,757
Increase (decrease) in receivables	99,773	(14,579)
Cash used by operating activities	**2,032,041**	**1,708,095**
Capital investment activities		
Net acquisition of tangible capital assets (Note 7)	4,860	3,357
Cash used by capital investment activities	**4,860**	**3,357**
Financing activities		
Net cash provided by Government of Canada	**(2,036,901)**	**(1,711,452)**

The accompanying notes form and integral part of these financial statements.

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Office of Infrastructure of Canada

Notes to the Financial Statements (Unaudited)

1. Authority and Objectives

The Office of Infrastructure of Canada (INFC) was created in 2002 as a separate organization under Schedule I.1 of the *Financial Administration Act*. The applied name for this organization is Infrastructure Canada.

INFC was established to lead the Government of Canada's effort to address infrastructure challenges. Order in Council 2004-325 authorizes the Minister to enter into transfer payment agreements and contracts related to infrastructure initiatives in Canada. One of the major funding programs managed by the Office is the Canada Strategic Infrastructure Fund, which operates under the authority of its own act, the *Canada Strategic Infrastructure Fund Act*, resulting from the Budget Implementation Act, 2001.

INFC is funded through annual appropriations received from the Parliament of Canada and is not taxable under the provisions of the *Income Tax Act*. INFC reports to the Minister of Transport, Infrastructure and Communities.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

a) Parliamentary appropriations – INFC is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to INFC do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

b) Net Cash Provided by Government – INFC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by INFC is deposited to the CRF and all cash disbursements made by INFC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) Expenses – Expenses are recorded on the accrual basis:

- contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement;

- vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment;
- services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) Employee future benefits:

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan *(Public Service Superannuation Act)*, a multi-employer plan administered by the Government of Canada. INFC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require INFC to make contributions for any actuarial deficiencies of the Plan.

ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

f) Accounts receivables and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

g) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. INFC does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	**Amortization period**
Informatics Hardware	5 to 10 years
Informatics Software - Purchased	3 years
Informatics Software – Developed	7 years
Leasehold improvements	period of lease

h) Measurement uncertainty —The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

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3. Parliamentary Appropriations

INFC receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, INFC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year appropriations used:
(in thousands of dollars)

	2008	2007
Net cost of operations	1,944,041	1463,270
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less) :		
Revenue not available for spending	11,898	6,637
Vacation pay and compensatory leave	(220)	150
Employee Severance Benefits	(112)	(79)
Amortization of tangible capital assets	(4,039)	(2,054)
Services provided without charge	(1,659)	(2,298)
Other	-	(172)
	1,949,909	1,465,454
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less) :		
Acquisitions of tangible capital assets	4,860	3,381
Proceeds from disposal of capital assets	-	(23)
Current year appropriations used	**1,954,769**	**1,468,812**

b) Appropriations provided and used
(in thousands of dollars)

	2008	2007
Vote 50 – Operating Expenditures	38,009	-
Vote 55 – Contributions	3,084,341	-
Vote 55 – Operating Expenditures	-	39,962
Vote 60 – Contributions	-	2,066,093
Statutory Amounts	2,582	21,539
Less:		
Lapsed Appropriations:		
Operating	(2,832)	(7,369)
Contributions	(1,167,331)	(651,413)
Current year appropriations used	**1,954,769**	**1,468,812**

c) Reconciliation of net cash provided by Government to current year appropriations used
(in thousands of dollars)

	2008	2007
Net cash provided by Government	2,036,901	1,711,452
Revenue not available for spending	11,898	6,637
Change in net position in the Consolidated Revenue Fund		
(Increase) decrease in accounts receivable and advances	(99,773)	14,580
Increase (decrease) in accounts payable and accrued liabilities	6,075	(263,768)
Other adjustments	(332)	(89)
	(94,030)	(249,277)
Current year appropriations used	**1,954,769**	**1,468,812**

4. Transfer payments
(in thousands of dollars)

	2008	2007
Programs		
Canada Strategic Infrastructure Fund	910,659	676,975
Gas Tax Fund	778,203	590,205
Municipal Rural Infrastructure Fund	143,320	81,566
Border Infrastructure Fund	69,903	51,220
Research, Knowledge & Outreach Program	3,220	2,971
Federation of Canadian Municipalities	(89)	1,659
Public Transit Fund	-	19,112
Harbourfront Centre	-	4,000
Old Port of Montreal Corporation	-	(325)
Current year appropriations used	**1,905,215**	**1,427,383**

5. Operating expenses
(in thousands of dollars)

	2008	2007
Salaries and employee benefits	18,872	17,229
Professional and special services	7,563	7,914
Amortization of tangible capital assets	4,039	2,054
Rentals	1,995	1,498
Business services and fees	1,622	2,113
Services provided without charge: contributions to health & dental plans (Note 10a)	1,313	1,176
Travel and relocation	630	1,020
Equipment repair and maintenance	512	224
Acquisition of informatics equipment	468	268
Office furniture & furnishing	449	363
Information services	439	352
Telecommunications	396	491
Services provided without charge: accommodation (Note 10a)	278	1,122
Other operating expenses	252	72
Total	**38,828**	**35,896**

6. Accounts receivable and advances
(in thousands of dollars)

	2008	2007
Receivables form other Federal Government departments and agencies	144,443	44,666
Receivables from external parties	5	7
Employee advances	1	3
Total	**144,449**	**44,676**

Since these accounts receivable are expected to be fully recoverable, no allowance for doubtful accounts has been established.

7. Tangible Capital Assets

(in thousands of dollars)

Cost					Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposal and write-offs	Closing balance	2008 Net book value	2007 Net book value
Informatics Hardware	671	323	-	994	65	181	-	246	748	606
Informatics Software - Purchased	446	611	-	1,057	14	352	-	366	691	432
Informatics Software - Developed	14,439	3,926	-	18,365	3,933	3,473	-	7,406	10,959	10,506
Leasehold Improvements	101	-	-	101	6	33	-	39	62	95
Total	15,657	4,860	-	20,517	4,018	4,039	-	8,057	12,460	11,639

Amortization expense for the year ended March 31, 2008 was $4,039 ($2,054)

8. Employee Benefits

a) Pension benefits: INFC's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and INFC contribute to the cost of the Plan. The 2007-08 expense amounts to $1,882,259 ($1,806,454 in 2006-07), which represents approximately 2.1 times (2.2 in 2006-07) the contributions by employees.

INFC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits: INFC provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2008	2007
Accrued benefit obligation, beginning of year	3,020	2,940
Expense for the year	143	566
Benefits paid during year	(31)	(486)
Accrued benefit obligation, end of year	**3,312**	**3,020**

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9. Contractual Obligations

The nature of INFC's activities can result in some large multi-year contracts and obligations whereby INFC will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2009	2010	2011	2012	2013 and thereafter	Total
Gas Tax Fund	1,012,134	1,974,980	-	-	-	**2,987,114**
Other Transfer Payments	1,154,618	761,965	245,847	112,885	22,143	**2,297,458**
Operating Leases	2,260	1,764	1,761	1,758	562	**8,105**
Total	**2,169,012**	**2,738,709**	**247,608**	**114,643**	**22,705**	**5,292,677**

10. Related party transactions

INFC is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. INFC enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, INFC received services which were obtained without charge from other Government departments as presented in part (a).

a) Services provided without charge

During the year INFC received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operation as follows:

(in thousands of dollars)	2008	2007
Employer's contribution to the health and dental insurance plan	1,313	1,176
Accommodation	278	1,122
Legal Services	68	-
Total	**1,659**	**2,298**

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the department's Statement of Operations.

b) Payables outstanding at year-end with related parties

(in thousands of dollars)	2008	2007
Accounts payable to other government departments and agencies	982	3,322

Section IV: Other Items of Interest

4.1 Organizational Information

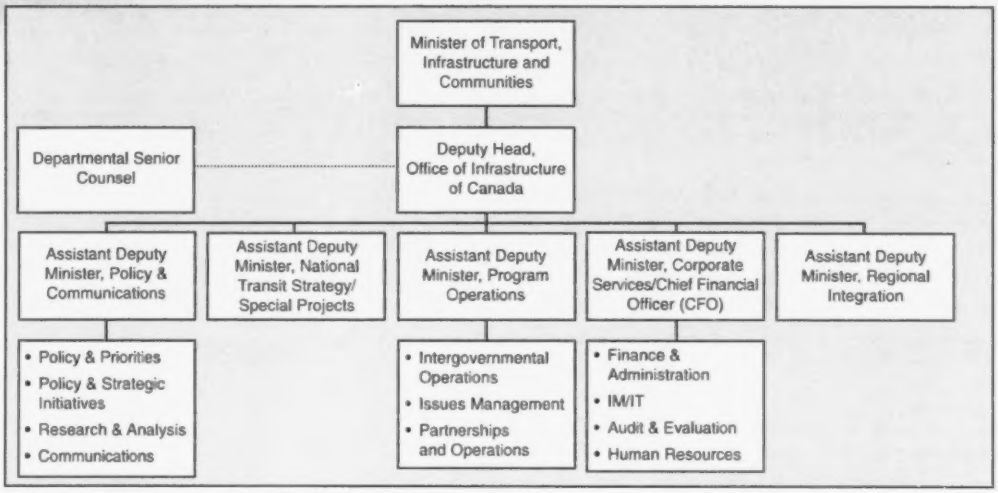
The Honourable John Baird is the Minister responsible for the Transport, Infrastructure and Communities portfolio.

Infrastructure Canada is headed by a Deputy Head, Louis Ranger, who reports to the Minister. The Deputy Head was supported in 2007-2008 by five Assistant Deputy Ministers and a Departmental Senior Counsel:

- Assistant Deputy Minister, Policy and Communications: John Forster;
- Assistant Deputy Minister, National Transit Strategy/Special Projects: Yazmine Laroche;
- Assistant Deputy Minister, Program Operations: Carol Beal;
- Assistant Deputy Minister, Corporate Services/Chief Financial Officer: David Cluff;
- Assistant Deputy Minister, Regional Integration: Gary Webster;
- Departmental Senior Counsel: Richard Ouellet.

Infrastructure Canada's organizational structure is presented in Figure 3.

Figure 3: Infrastructure Canada Organization Chart (March 31, 2008)


Minister of Transport, Infrastructure and Communities
Departmental Senior Counsel
Deputy Head, Office of Infrastructure of Canada
Assistant Deputy Minister, Policy & Communications
Assistant Deputy Minister, National Transit Strategy/ Special Projects
Assistant Deputy Minister, Program Operations
Assistant Deputy Minister, Corporate Services/Chief Financial Officer (CFO)
Assistant Deputy Minister, Regional Integration
• Policy & Priorities
• Policy & Strategic Initiatives
• Research & Analysis
• Communications
• Intergovernmental Operations
• Issues Management
• Partnerships and Operations
• Finance & Administration
• IM/IT
• Audit & Evaluation
• Human Resources

4.2 Departmental Administration and Management Initiatives

Infrastructure Canada's third Program Activity is Departmental Administration. The objective for this Activity is to promote excellence in program and corporate management in support of Infrastructure Canada's priorities. Departmental Administration consists of:

- Corporate Services;
- Communications;
- Legal Services.

The Minister of Transport, Infrastructure and Communities, supported by the Deputy Head, is responsible for ensuring that Government priorities are pursued through the Transport, Infrastructure and Communities Portfolio. Infrastructure Canada is well-positioned to support the Government of Canada's unprecedented commitment to rebuild and modernize our country's infrastructure. Success requires all parts of the organization to recognize the complementary roles they play within the Portfolio, and their respective roles in supporting the Minister in his responsibilities to Parliament and Canadians.

Corporate Services

Divided into five key areas (Information Management and Information Technology, Finance and Administration, Human Resources, Evaluation and Internal Audit), Corporate Services not only provides support to all the employees of Infrastructure Canada, but also responds to the many requests from Central Agencies in reporting on the Department's accounts and activities. Corporate Services is also responsible for monitoring the implementation of policies and strategies to safeguard the integrity of the Department's financial planning and management programs.

Information Management and Information Technology

Information management and information technology (IM/IT) personnel provide advisory and technical services within Infrastructure Canada.

IM/IT has developed a business model based on service management principles to promote continuous improvement, implement central government policies (such as the Management of Government Information and the Management of Information Technology Security) and facilitate the delivery of services through the Shared Services Initiative. The model recognizes that IM/IT services should be client-driven and should meet business needs through a structured framework of good governance, best practices and processes and continuous improvement.

IM/IT facilitates the management of several Infrastructure Canada funding programs through the Shared Information Management System for Infrastructure (SIMSI). SIMSI is a secure, user-friendly, bilingual, web-based information management system that has evolved since 2001 to meet the requirements of Infrastructure Canada's programs. SIMSI enables municipal governments to apply online for project funding. SIMSI allows Infrastructure Canada, its federal delivery partners and the provinces and territories to access applications; apply due diligence; track and report project approvals, completion and closure; track benefits; and, monitor financial commitments and expenditures.

The past fiscal year saw a renewal of SIMSI technology architecture to ensure a robust and secure environment for the continued management of Infrastructure Canada programs. End-of-life hardware was replaced and other components upgraded to provide a stable system platform for the next five years while incorporating Information Technology Infrastructure Library (ITIL) best practices and complying with Government of Canada

legislation (e.g., Management of IT Security Standard, Secure Channel). This included the initial construction for the Building Canada Fund, the introduction of a new business reporting tool, as well as the integration into the SIMSI environment of the CSIF/BIF and GTF information. In addition the SIMSI Service Desk was migrated to the national operations centre in Montréal to ensure continued optimal services to clients.

Continued emphasis on client service, and support of stakeholder requirements such as the need for horizontal reporting ensures SIMSI development is in step with the Infrastructure Canada priorities.

In partnership with federal delivery agencies, provinces/territories and municipalities, Infrastructure Canada made significant progress in implementing a foundation for the capture and life cycle management of data. Infrastructure projects are spread across Canada, and thus the data capture effort was focused on location-based data. Pilot projects were initiated to support the analysis and dissemination of the data.

Collaborative technologies have been introduced in Infrastructure Canada and several wiki-based initiatives and web-conferencing were implemented for partner and stakeholder organizations.

With the growth of Infrastructure Canada, IM/IT has formally organized a unit to address the corporate applications needs of the department, including work done to introduce the government-sponsored Human Resources Information System (HRIS) to manage human resource data.

Finance and Administration

During 2007-2008, Infrastructure Canada took steps to review and strengthen its internal financial and administrative policies and procedures, particularly with regard to the use and control of hospitality, the management of petty cash, and the delegation of financial signing authority. Certain financial services which had been provided by a service delivery partner were repatriated and consolidated within Finance at Infrastructure Canada, reflecting the changing priorities of both the department and its service delivery partner. Policy documents were completed on accounting for expenditures related to infrastructure programs, and a monthly accrual process was implemented. The management of accommodations was improved by increasing the use of more efficient procurement tools and standardizing requirements; and procurement services were restructured to develop the capacity for a higher level of client service, monitoring and control regarding contracting activities.

Human Resources Strategy

Throughout 2007-2008, the department worked to integrate its business needs and the related human resources priorities. In response to the Clerk of the Privy Council's *Fourteenth Annual Report to the Prime Minister on the Public Service of Canada*, Infrastructure Canada adjusted our HR directions to support the Clerk's priorities.

i) Modernization and Public Service Renewal

The corporate Human Resources Plan was posted on InfraNet in January 2008, along with a document entitled "Human Resources Planning Made Easy", which demystifies the HR planning process for managers. It explains the *what*, the *why* and the *how*; it also provides links to tools and names an HR contact for advice and employee data.

The 2008-2009 Infrastructure Canada Integrated Human Resources Plan was completed in March 2008, in accordance with the Clerk's requirement, and posted on InfraNet at that time. With this plan in place, managers made a commitment to develop HR plans at the branch and division levels.

The department supported the public-service wide goal of appointing post-secondary graduates to indeterminate positions by March 31, 2008, by hiring nine recent graduates in 2007-2008. Our progress report on renewal, prepared in co-operation with Transport Canada, was posted on the InfraNet in January 2008.

Infrastructure Canada no longer relies on Industry Canada for People Soft services. The department now uses the Human Resources Information System (HRIS) to capture position and employee data, and has mapped and adjusted its staffing and classification processes so that they are aligned with the use of HRIS. As a result, Infrastructure Canada has significantly enhanced its ability to respond to central agency reporting requirements and to requests from its managers.

ii) Building the Workforce

In support of Public Service Renewal, the corporate HR plan set out recruitment strategies that take advantage of all the options and flexibilities allowed under the *Public Service Employment Act*. Infrastructure Canada's approaches included: Student Bridging; public-service wide development programs such as the Management Trainee Program, the Accelerated Economist Training Program, the Financial Officers Recruitment and Development Program, and the Recruitment of Policy Leaders Program; and, collective

staffing to establish pools of qualified candidates. As a result, the number of indeterminate employees increased from 160 to 200 during 2007-2008.

In an effort to find out why employees left the department in 2007 and the first three months of 2008, the Human Resources Division developed an exit questionnaire and contacted former indeterminate departmental employees. Preliminary results were analyzed, and it was decided to continue this initiative until we have enough information to aid in the development of corporate and branch retention strategies.

A corporate employee orientation program was also implemented so that new employees would feel welcome and understand where they fit in the department.

iii) Learning

Work was begun on the creation of internal development programs for the most seriously under-staffed occupational groups, beginning with the PE and ES communities.

The Clerk emphasized learning plans as an important tool in helping employees attain their career goals, and the department exceeded the target of 90% of its staff having career and development plans by March 31, 2008. A practice was established that all new employees must have performance objectives and a learning plan in place within three months of their arrival at Infrastructure Canada.

iv) Representation

A campaign to encourage employees to complete the Employment Equity (EE) self-identification form revealed that, overall, the department exceeded its workforce availability targets in all areas in 2007-2008. Processes were established to monitor our EE numbers closely.

Infrastructure Canada maintained its highly regarded capacity in the area of official languages, and continued work on balancing the need for bilingual services with issues related to succession planning, employment equity, and bringing new recruits into the public service.

v) Values and Ethics

With the increasing focus on values and ethics at all levels of the public service, Infrastructure Canada conducted a leadership survey on values and ethics, and the results were communicated to employees in June 2007.

Internal Audit and Evaluation

During 2007-2008, Infrastructure Canada continued the execution of its three-year phased internal audit plan that was approved by the Departmental Audit Committee (DAC) on June 15, 2007.

The difficulty in staffing approved positions caused some delays in the finalization of the audit report for the Classification and Staffing audit and the deferral of several audits which were planned for this fiscal year (ICP and MRIF Contribution Management Framework).

Infrastructure Canada's DAC continued the commitment to make the audit committee more independent from the management of the organizations they review. The DAC met twice during the year to review and discuss items that are now part of its broader mandate, (including risk management, the departmental financial statements and Public Accounts reporting), in addition to its traditional responsibilities related to internal audit and follow-up on management action plans developed to respond to audit reports and recommendations of the Auditor General.

During the last quarter of 2007-2008, an ongoing three-year risk-based internal audit plan was developed and approved at the June 19, 2008 DAC.

The Executive Committee acts as the Departmental Evaluation Committee (DEC). The DEC main responsibilities are to approve the INFC evaluation policy, annual evaluation plan, and evaluation and review reports; to resolve any contentious issues relating to evaluations; and to ensure that evaluation results are acted upon.

The DEC approved the three-year Evaluation Plan, in January 2007. The activities carried out in 2007-2008 were in accordance with this plan.

During 2007-2008, a Formative Evaluation of MRIF was completed, which assessed the results achieved to date and also reviewed issues related to the administration and delivery of the program.

A process evaluation of the GTF was also completed. It assessed the implementation of the program to date and also assessed the management and reporting systems.

Risk Management

During 2007-2008, Infrastructure Canada continued to make significant progress in integrating risk management practices within the department. It introduced a departmental Integrated Risk Management (IRM) Policy; assessed effectiveness of existing mitigation measures and progress in implementing new mitigation measures; completed the Corporate Services Branch risk profile and produced a quarterly report on the status of the branch's mitigation measures; began the update of the corporate risk profile; and, created the Risk Management Committee for the Shared Information Management System for Infrastructure (SIMSI).

In 2008-2009, work will continue to advance the Department's IRM initiative by establishing a Chief Risk Officer (CRO) position responsible for guiding and supporting risk management initiatives throughout the department, updating the IRM policy to reflect the role of the CRO and reflect policy developments, completing the update of the corporate risk profile, incorporating a risk management activity within various departmental committees (e.g., proposed Project Assessment Committee and Management Control Framework Committee), increasing awareness of risk management within the department by developing and implementing a risk management website and producing a risk management guide, monitoring and reporting on progress made in the implementation of mitigation measures throughout Infrastructure Canada, and completing other branch risk profiles.

Communications

The Communications Directorate informs Canadians about infrastructure policies, programs and projects that contribute to improving Canada's economy and environment and which support their communities. The Directorate also helps to ensure that the views of Canadians are considered in the development of the new policies and programs. Communications initiatives are coordinated and carried out with Portfolio partner Transport Canada as well as regional development agencies and provincial, territorial and municipal governments.

Helping to Inform Canadians: During 2007-2008, the Communications Directorate coordinated 125 media events and issued 166 news releases. The Directorate was also responsible

for branding and communicating the new federal infrastructure plan, web and print material on the plan, and Ministerial outreach to stakeholder press and more general audiences helped inform these key audiences on the plan. Together, these efforts generated national and regional print and television media coverage and coverage in community media across the country, helping to inform Canadians of existing infrastructure programs and Building Canada. Also, the Communications Directorate fielded over 600 public inquiries, providing information in response to their questions.

Sharing Information With Stakeholders: To support outreach activities and share information with key stakeholder audiences, the Directorate prepared speeches for the Minister and senior management and provided several articles on the Building Canada plan for publication. A detailed publication outlining the plan was also developed to help inform stakeholders. The Communications Directorate supported Infrastructure Canada, with the aim of raising awareness of Building Canada at key stakeholder conferences such as the Northern Lights Trade Show (Ottawa, February 2008) and the FCM Sustainable Communities Conference (Ottawa, February 2008). As well, Infrastructure Canada partnered with the Centre for Expertise in Research on Infrastructure in Urban Areas (Laval, November 2007) and the Can-Am Border Trade Alliance (Montreal, November 2007). The department also met with representatives of Official Language Minority Communities to explain Building Canada to them.

4.3 Additional Information on Infrastructure Investment Programs

In addition to the information presented in Sections I and II, the following tables provide details concerning the projects announced or approved in 2007-2008, plus cumulative data, for the major investment programs delivered or coordinated by Infrastructure Canada: the Canada Strategic Infrastructure Fund (CSIF), the Border Infrastructure Fund (BIF), the Infrastructure Canada Program (ICP), the Municipal Rural Infrastructure Fund (MRIF), the Gas Tax Fund (GTF) and the Public Transit Fund (PTF).

Canada Strategic Infrastructure Fund (CSIF)

Table 18: CSIF Projects Announced During 2007-2008

Province	Date	Project	Category	Contribution ($M)
Newfoundland and Labrador	May 16, 2007	Corner Brook Water Treatment and Distribution	Water	12.0
	May 24, 2007	Torbay Bypass Road	Highways or Rail	5.0
Quebec	May 7, 2007	Naskapi Imuun Inc. Broadband (NSI)	Broadband	4.7
	July 7, 2007	Shortline Rail Projects	Highways or Rail	30.0
	August 24, 2007	Northern Indigenous Community Satellite Network	Broadband	20.6
Ontario	July 5, 2007	Wastewater Treatment Bundle	Waste Water	40.5
	September 5, 2007	Niagara Convention and Civic Centre	Tourism	35.0
	November 26, 2007	Construction of Strandherd Bridge	Public Transit	35.0
Saskatchewan	September 14, 2007	Regional Rural Water Supply Systems	Water	27.3
Total				**210.1**

Table 19: CSIF Program Expenditures ($M) and Announced Projects, as of March 31, 2008

Jurisdiction	Total CSIF Funding ($M)	# of Announced Projects as of March 31, 2008	CSIF Share of Announced Projects as of March 31, 2008 ($M)	# of Signed Projects Agreements as of March 31, 2008	CSIF Share of Signed Project Agreements as of March 31, 2008 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2007-2008 ($M)
British Columbia		3	735.0	3	525.0	525.3	154.7
Alberta		3	300.0	2	150.0	112.5	32.5
Saskatchewan		5	120.0	4	92.7	76.2	15.3
Manitoba		3	347.5	3	135.0	116.8	84.6
Ontario		17	1,323.5	8	582.0	217.2	208.7
Quebec		8	786.9	4	101.4	19.9	177.2
New Brunswick		6	371.6	4	238.0	98.1	141.1
Nova Scotia		3	105.5	2	90.5	32.8	32.5
Prince Edward Island		7	30.0	3	11.2	9.9	17.9
Newfoundland & Labrador		5	77.0	3	60.0	30.2	27.5
Yukon		3	35.0	2	26.0	11.6	5.6
Northwest Territories		1	40.0	1	40.0	43.7	10.1
Nunavut		2	40.0	2	40.0	12.8	14.6
National Priority Projects[2]		7	155.2	5	129.8	–	–
Sub-total	**4,970.8**	**71[3]**	**4,467.2**	**46**	**2,221.6**	**1,307.1**	**922.4**
Federal Coordination/ Research	**187.0**						
Total	**5,157.8[1]**						

Notes:

1 **The original $4 billion allocation for CSIF has been supplemented as follows:**

New Brunswick Highways (New Brunswick)	140.0
GO Transit (Ontario)	65.0
Canada Line (British Columbia)	210.0
Échangeur Dorval	11.96
Toronto International Film Festival	25.0
Budget 2006 CSIF Top Up	710.0
Spending restraint imposed by TBS to smaller Ministry	(4.15)
	1,157.8

2 **National Priority Project Details ($M):**

Manitoba Floodway (Manitoba)	40.0
Corridors for Canada (Northwest Territories)	25.0
Northwest Territories	7.0
Nunavut	7.8
Banff National Park	50.0
Naskapi Imuun Inc. Broadband	4.7
Northern Indigenous Community Satellite Network	20.6
	155.2

3 Although the sum of the column adds up to 73, the displayed total is 71 because the Corridors for Canada project in the Northwest Territories and the Manitoba Floodway project are double-counted under the provincial jurisdictions and the National Priority projects.

Border Infrastructure Fund (BIF)

Table 20: BIF Expenditures ($M) and Announced Projects as of March 31, 2008

Jurisdiction	Total BIF Funding ($M)	# of Announced Projects as of March 31, 2008	BIF Share of Announced Projects as of March 31, 2008 ($M)	# of Signed Projects Agreements as of March 31, 2008	BIF Share of Signed Project Agreements as of March 31, 2008 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2007-2008 ($M)
British Columbia		2	90.0	1	88.0	62.3	22.8
Alberta		–	–	–	–	–	–
Saskatchewan		1	5.0	1	5.0	2.0	1.6
Manitoba		–	–	–	–	–	–
Ontario		4	338.1	3	158.1	88.1	32.6
Quebec		3	72.0	–	–	–	1.3
New Brunswick		2	45.0	1	30.0	11.7	11.6
Nova Scotia		–	–	–	–	–	–
Prince Edward Island		–	–	–	–	–	–
Newfoundland & Labrador		–	–	–	–	–	–
Yukon		–	–	–	–	–	–
Northwest Territories		–	–	–	–	–	–
Nunavut		–	–	–	–	–	–
National		–	–	–	–	–	–
Sub-total	**550.1**	**12**	**550.1**	**6**	**281.1**	**164.1**	**69.9**
Funds not yet allocated	28.9	–	28.9				
Federal Coordination	18.0	–	18.0				
Total	**597.0***	**12**	**597.0***				

* The total allocation for BIF excludes $3M, which was transferred to the Canada Border Services Agency for the Border Modelling project.

Infrastructure Canada Program (ICP)

Table 21: ICP Expenditures ($M) and Approved Projects as of March 31, 2008

Jurisdiction	ICP Funding Allocation ($M)	# of Approved Projects as of March 31, 2008	ICP Share of Approved Projects as of March 31, 2008 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2007-2008 ($M)
British Columbia	268.5	309	262.5	235.7	1.9
Alberta	171.0	776	167.3	159.3	7.9
Saskatchewan	56.7	365	55.6	54.2	2.3
Manitoba	60.9	173	59.9	57.9	2.3
Ontario	680.7	533	668.8	616.5	33.0
Quebec	515.5	896	504.4	384.9	46.0
New Brunswick	54.4	93	53.6	53.6	0.4
Nova Scotia	65.3	145	64.6	61.4	5.9
Prince Edward Island	12.8	81	12.6	12.8	0.1
Newfoundland & Labrador	51.2	378	50.4	46.9	2.9
Yukon	2.5	8	2.5	2.5	0.0
Northwest Territories	3.0	12	3.0	3.0	0.0
Nunavut	2.1	5	2.1	2.1	0.0
First Nations	31.1	97	30.4	30.4	0.0
Sub-total	**1,976.0**	**3,871**	**1,937.7**	**1,721.2**	**102.6**
Federal Coordination/ InfraGuide	74.0				
Total	**2,050.0**				

Note: Columns may not add due to rounding.

Municipal Rural Infrastructure Fund (MRIF)

Table 22: MRIF Expenditures ($M) and Approved Projects as of March 31, 2008

Jurisdiction	MRIF Funding Allocation ($M)	# of Approved Projects as of March 31, 2008	MRIF Share of Approved Projects as of March 31, 2008 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2007-2008 ($M)
British Columbia	74.6	103	73.3	–	0.5
Alberta	107.0	86	106.0	–	7.1
Saskatchewan	45.5	302	44.3	8.9	12.9
Manitoba	49.3	83	45.6	11.7	5.9
Ontario	362.0	701	290.2	51.5	70.7
Quebec	234.8	162	171.9	6.8	6.4
New Brunswick	39.6	57	37.9	9.6	10.6
Nova Scotia	44.5	83	43.5	–	13.5
Prince Edward Island	21.7	88	16.1	3.7	5.3
Newfoundland & Labrador	33.5	71	14.8	0.1	5.7
Yukon	19.2	19	12.7	0.8	3.9
Northwest Territories	19.2	20	12.3	–	–
Nunavut	19.1	3	2.7	–	0.8
First Nations	25.0	–	–	–	–
Sub-total	**1,095.0**	**1,778**	**871.3**	**93.0**	**143.3**
Federal Coordination	40.0				
CSIF – BC Rapid Transit*	60.0				
Total	**1,195.0**				

Note: Columns may not add due to rounding.

* The CSIF Vancouver Rapid Transit "Canada Line" project is receiving $60M in funding from British Columbia's share of the MRIF program.

Gas Tax Fund (GTF)

Table 23: Gas Tax Funds Allocations and Flow of Funds ($ millions)

GTF Allocations

Province/Territory	2005-2006	2006-2007	2007-2008
British Columbia		76.3	101.7
Alberta		57.2	76.4
Saskatchewan		17.7	23.6
Manitoba		20.1	26.8
Ontario		223.9	298.5
Quebec		138.1	184.2
New Brunswick		13.9	18.6
Nova Scotia		17.4	23.2
Prince Edward Island		4.5	6.0
Newfoundland and Labrador		9.9	13.2
Yukon		4.5	6.0
Northwest Territories		4.5	6.0
Nunavut		4.5	6.0
First Nations Infrastructure Fund		7.5	10.0
Total	**600.0**	**600.0**	**800.0**

GTF Flow of Funds

	2005-2006	2006-2007	2007-2008*	Cumulative
Received from Canada	579.7	590.2	778.2	1,948.1
P/T Interest	2.5	3.5	–	6.0
P/T Administration	389.2	2.3	–	2.7
Transferred to Recipients	358.7	550.3	–	909.0
Municipal Interest	434.6	9.6	–	10.1
Municipal Administration	15.8	286.9	–	302.7
Spent on Projects	118.1	364.0	–	482.1
Number of Projects	266	1,967	–	2.2

Note: Columns may not add due to rounding.

* For 2007-2008, reports from the provinces and territories are available starting in September 2008.

Public Transit Fund (PTF)

Table 24: Public Transit Funds Spent as of 2006-2007

Province/Territory	Allocation ($ millions)	Spent ($ millions)	Remaining ($ millions)
British Columbia		36.3	16.2
Alberta		20.0	20.1
Saskatchewan		0	12.5
Manitoba		0.8	13.8
Ontario		122.8	32.4
Quebec		0	94.4
New Brunswick		0	9.4
Nova Scotia		8.3	3.4
Prince Edward Island		1.7	0
Newfoundland and Labrador		0	6.5
Yukon		0.4	0
Northwest Territories		0	0.5
Nunavut		0.4	0
Total	**400.0**	**190.7**	**209.3**

Note: Columns may not add due to rounding.

4.4 Contacts

For more information, visit *www.infrastructure.gc.ca*, or contact Infrastructure Canada at:

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90 Sparks Street, Suite 605
Ottawa ON K1P 5B4

Telephone: 613-948-1148
Telephone toll free: 1 800 O-Canada (1 800 622-6232)